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SALGADO, FITZPATRICK, AND HUNTER NOMINATIONS

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON THE

NOMINATIONS OF JOSEPH F. SALGADO, TO BE DEPUTY SECRETARY OF ENERGY; DONNA R. FITZPATRICK, TO BE UNDER SECRETARY OF ENERGY; AND ROBERT O. HUNTER, JR., TO BE DIRECTOR, OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY

JULY 11, 1988

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SALGADO, FITZPATRICK, AND HUNTER NOMINATIONS

MONDAY, JULY 11, 1988

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 2 p.m., in room SD–366, Dirksen Senate Office Building, Hon. J. Bennett Johnston, chairman, presiding.

OPENING STATEMENT OF HON. J. BENNETT JOHNSTON, U.S. SENATOR FROM LOUISIANA

The CHAIRMAN. The hearing will come to order. This is a hearing to consider the following nominations by President Reagan: Joseph F. Salgado, to be Deputy Secretary of Energy, Donna R. Fitzpatrick to be Under Secretary of Energy and Robert O. Hunter, Jr. to be Director of the Office of Energy Research.

Mr. Salgado and Miss Fitzpatrick are well known to the Committee, having been acting in those two positions and doing, in my view, an excellent job. From their previous confirmation hearings, they are also well known. I am sure President Reagan is pleased with their performance, because he proposes to promote them.

Mr. Hunter is a new face here. His nomination is an important step to filling a very important job at DOE that has been vacant for too long.

I welcome all three of the nominees and as the three will come forward, we will, as required by rules, administer the oath to all of you and ask the standard questions.

[Where upon, Mr. Salgado, Miss Fitzpatrick and Mr. Hunter were duly sworn by the Chairman.]

The CHAIRMAN. Please be seated.

Before you begin your statement, I will ask the three questions addressed to each nominee before the Committee. Will you be available to appear before this Committee and other Congressional Committees to represent Departmental positions and respond to issues of concern to the Congress?

Mr. SALGADO. I will.

Mr. HUNTER. I will.

Miss FITZPATRICK. I will.

The CHAIRMAN. Are you aware of any personal holdings, investments or interests that could constitute a conflict of interest or create the appearance of such a conflict, should you be confirmed

and assume the office to which you have been nominated by the President?

Mr. SALGADO. Mr. Chairman, my investments, personal holdings and other interests have been reviewed both by myself and by the appropriate ethics counselors within the Federal Government. I have taken appropriate action to avoid any conflicts of interest. There are no conflicts of interest or appearances thereof to my knowledge.

Miss FITZPATRICK. Mr. Chairman, my investments, personal holdings and other interests have been reviewed both by myself and the appropriate ethics counselors within the Federal Government. I have taken appropriate action to avoid any conflict of interest. There are no conflicts of interest or appearances thereof to my knowledge.

Mr. HUNTER. Mr. Chairman, my investments, personal holdings and other interests have been reviewed both by myself and by the appropriate ethics counselors within the Federal Government. I have taken appropriate action to avoid any conflict of interest. There are no conflicts of interest or appearances thereof to my knowledge.

The CHAIRMAN. Are you, or any of you involved, or do you have any assets held in blind trusts?

Mr. SALGADO. Mr. Chairman, I do not.

Miss FITZPATRICK. No, Mr. Chairman.

Mr. HUNTER. Mr. Chairman, I do not.

Mr. CHAIRMAN. In that case, Mr. Salgado, do you wish to proceed and make a statement to the committee.

Mr. SALGADO. Yes, Mr. Chairman. I will ask that my prepared statement be submitted for the record.

The CHAIRMAN. Without objection.

STATEMENT OF JOSEPH F. SALGADO, NOMINEE TO BE DEPUTY SECRETARY OF ENERGY, DEPARTMENT OF ENERGY

Mr. SALGADO. Thank you, sir.

Mr. Chairman and members of the Committee, I welcome this opportunity to appear before you as President Reagan's nominee for Deputy Secretary of Energy.

In May 1985, this Committee in the Senate confirmed me as Under Secretary for the Department of Energy. I have had the privilege of serving Secretary Herrington over the last three years as Under Secretary of Energy and Chief Operating Officer for the Department.

I have had the opportunity to work closely with the Congress in implementing the President's National Energy Program and fulfilling the mandates Congress has established for the Department of Energy.

If confirmed by the Senate as Deputy Secretary, I look forward to continuing in that capacity to serve the Administration and the Congress by managing the Department's energy operations and by assisting the Secretary and carrying out the President's continuing energy initiative and priorities.

The Secretary and I share a strong commitment to the importance of energy to our national security, to the strength of our

economy, to our leadership in research and development and our international competitors. We have worked to ensure the policies and programs of the Department and strongly support these factors.

I can again assure you and the members of the Committee that Secretary Herrington and I remain firmly committed to completing the tasks which lie ahead and to providing a sound and stable organization and program at the Department of Energy for our successors.

I look forward to working with this Committee and its members in Congress over the coming months in addressing a number of these important energy issues, as well as programmatic and administrative issues.

I thank you, Mr. Chairman.

[The prepared statement of Mr. Salgado follows:]

STATEMENT OF JOSEPH F. SALGADO

NOMINEE FOR THE POSITION OF

DEPUTY SECRETARY OF THE

DEPARTMENT OF ENERGY

BEFORE THE

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

JULY 11, 1988

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I WELCOME THIS OPPORTUNITY TO APPEAR BEFORE YOU AS PRESIDENT REAGAN'S NOMINEE FOR DEPUTY SECRETARY OF ENERGY.

I HAVE HAD THE PRIVILEGE OF SERVING SECRETARY HERRINGTON OVER THE LAST THREE YEARS AS THE UNDER SECRETARY OF ENERGY AND OF WORKING CLOSELY WITH THE CONGRESS IN IMPLEMENTING THE PRESIDENT'S NATIONAL ENERGY PROGRAM AND FULFILLING THE MANDATES CONGRESS HAS ESTABLISHED FOR THE DEPARTMENT OF ENERGY.

IF CONFIRMED BY THE SENATE AS DEPUTY SECRETARY, I LOOK FORWARD TO CONTINUING IN THAT CAPACITY TO SERVE THE ADMINISTRATION AND THE CONGRESS BY MANAGING THE DEPARTMENT'S ENERGY OPERATIONS AND BY ASSISTING THE SECRETARY IN CARRYING OUT THE PRESIDENT'S CONTINUING ENERGY INITIATIVES AND PRIORITIES.

THE SECRETARY AND I SHARE A STRONG COMMITMENT TO THE IMPORTANCE OF ENERGY TO OUR NATIONAL SECURITY, TO THE STRENGTH OF OUR ECONOMY, TO OUR LEADERSHIP IN RESEARCH AND DEVELOPMENT, AND TO OUR INTERNATIONAL COMPETITIVENESS. WE HAVE WORKED TO ENSURE THAT THE POLICIES AND PROGRAMS OF THE DEPARTMENT STRONGLY SUPPORT THESE FACTORS. I CAN ASSURE YOU THAT SECRETARY HERRINGTON AND I REMAIN FIRMLY COMMITTED TO COMPLETING THE TASKS WHICH LIE AHEAD AND TO PROVIDING A SOUND AND STABLE ORGANIZATION AND PROGRAMS AT THE DEPARTMENT OF ENERGY FOR OUR SUCCESSORS. WE LOOK FORWARD TO WORKING WITH THIS COMMITTEE AND THE CONGRESS OVER THE COMING MONTHS IN ADDRESSING A NUMBER OF IMPORTANT ENERGY ISSUES.

PERSONAL QUALIFICATIONS

I WOULD LIKE TO REVIEW FOR YOU MY BACKGROUND AND QUALIFICATIONS. AS THE UNDER SECRETARY OF ENERGY SINCE 1985, I HAVE FUNCTIONED AS SECRETARY HERRINGTON'S CHIEF OPERATING OFFICER. I HAVE ASSISTED HIM IN THE OVERSIGHT AND MANAGEMENT OF

THE DEPARTMENT'S PROGRAM AND FIELD OFFICES, ITS WEAPONS PRODUCTION COMPLEX, ITS NATIONAL LABORATORIES AND ITS POWER MARKETING ADMINISTRATIONS. I HAVE WORKED CLOSELY WITH THE SECRETARY IN DEVELOPING AND IMPLEMENTING HIS INITIATIVES TO STRENGTHEN IMPORTANT ASPECTS OF THE DEPARTMENT'S PROGRAMS. THESE INCLUDED IMPROVING COORDINATION BETWEEN HEADQUARTERS AND FIELD OFFICES; TAKING ACTIONS TO STRENGTHEN SAFETY AND ENVIRONMENTAL PROGRAMS AT DOE FACILITIES; DETERMINING THE MODERNIZATION REQUIREMENTS OF OUR WEAPONS PROGRAM; SEEKING GREATER PARTICIPATION BY THE PRIVATE SECTOR IN OUR RESEARCH AND DEVELOPMENT EFFORTS AND ENERGY ENTERPRISES; IMPROVING THE SAFETY AND VIABILITY OF NUCLEAR ENERGY; AND IMPLEMENTING OUR CLEAN-COAL TECHNOLOGY PROGRAM.

I HAVE GAINED INVALUABLE EXPERIENCE IN ENERGY POLICY DEVELOPMENT, ENERGY PROGRAM MANAGEMENT, AND ADMINISTERING THE DEPARTMENT'S BUDGET AND MANPOWER.

MY THREE YEARS AT THE DEPARTMENT OF ENERGY BUILT ON AN ENTIRE CAREER IN PUBLIC SERVICE. I JOINED THE REAGAN ADMINISTRATION IN 1982 IN THE DEPARTMENT OF JUSTICE AS ASSOCIATE COMMISSIONER FOR ENFORCEMENT OF THE IMMIGRATION AND NATURALIZATION SERVICE (INS). IN THAT POSITION, I HAD OVERALL RESPONSIBILITY FOR FIVE MAJOR DIVISIONS REPRESENTING A STAFF OF MORE THAN 5,000 AND A BUDGET IN EXCESS OF $220 MILLION. I PROVIDED POLICY FORMULATION, MANAGEMENT AND TECHNICAL SUPPORT TO INS REGIONAL OFFICES AND TO DISTRICT OFFICES AND BORDER PATROL SECTORS. I SUBSEQUENTLY JOINED JOHN HERRINGTON AT THE WHITE HOUSE AS ASSOCIATE DIRECTOR FOR PRESIDENTIAL PERSONNEL, WHERE I WAS RESPONSIBLE FOR APPOINTMENTS AT THE DEPARTMENT OF ENERGY, INTERIOR, STATE AND DEFENSE; THE NUCLEAR REGULATORY COMMISSION; THE FEDERAL ENERGY REGULATORY COMMISSION; AND THE COUNCIL ON ENVIRONMENTAL QUALITY, AS WELL AS FOR AMBASSADORIAL APPOINTMENTS AND THE SELECTION OF DELEGATIONS AT VARIOUS INTERNATIONAL EVENTS.

I PREVIOUSLY SERVED AS SENIOR TRIAL ATTORNEY AND DEPUTY DISTRICT ATTORNEY IN THE DISTRICT ATTORNEY'S OFFICE IN ALAMEDA COUNTY, CALIFORNIA, WORKING IN TRIAL LITIGATION AND RESPONSIBLE FOR TRAINING, EVALUATING AND PROVIDING PERSONNEL MANAGEMENT OF 125 ATTORNEYS. PRIOR TO THAT I HAD SERVED AS SERGEANT OF POLICE WITH THE OAKLAND, CALIFORNIA POLICE DEPARTMENT.

MY EDUCATIONAL BACKGROUND IS IN PHILOSOPHY AND THE LAW. I EARNED BY B.S. DEGREE FROM THE UNIVERSITY OF SAN FRANCISCO IN 1968 AND MY J.D. DEGREE FROM SAN FRANCISCO LAW SCHOOL IN 1972.

I BELIEVE THAT MY THREE YEAR TENURE AS UNDER SECRETARY OF ENERGY AND MY PREVIOUS EXPERIENCE IN OTHER POSITIONS REQUIRING POLICY PLANNING, MANAGEMENT AND ADMINISTRATION SKILLS WOULD ENABLE ME TO SERVE THE ADMINISTRATION AND THE CONGRESS EFFECTIVELY AS DEPUTY SECRETARY OF ENERGY.

THE ROLE OF THE DEPUTY SECRETARY

AS DEPUTY SECRETARY OF ENERGY, SECRETARY HERRINGTON HAS ASKED THAT I CONTINUE TO MANAGE THE OPERATIONS OF THE DEPARTMENT AND ASSIST HIM IN CARRYING OUT THE PRESIDENT'S ENERGY POLICIES AND PRIORITIES. I WILL ASSIST IN THE DEVELOPMENT OF ENERGY POLICY STUDIES AND POSITIONS BY THE DEPARTMENT AND IN REPRESENTING THE ADMINISTRATION'S ENERGY POLICIES AND PROGRAMS TO THE CONGRESS, THE PUBLIC AND AT INTERAGENCY MEETINGS. IN THE SECRETARY'S ABSENCE, I WOULD BE CALLED ON TO REPRESENT HIM AT MEETINGS AT CABINET LEVEL.

I WOULD CONTINUE TO BE RESPONSIBLE FOR OVERSIGHT AND MANAGEMENT OF OUR MAJOR PROGRAMS IN THE AREAS OF CONSERVATION AND RENEWABLE, FOSSIL ENERGY, NUCLEAR ENERGY, ENVIRONMENT HEALTH AND SAFETY, DEFENSE PROGRAMS, ENERGY RESEARCH, INTERNATIONAL AFFAIRS AND ENERGY EMERGENCIES, MANAGEMENT AND ADMINISTRATION, AND CONGRESSIONAL, INTERGOVERNMENTAL AND PUBLIC AFFAIRS. AND I WILL CONTINUE TO OVERSEE THE OPERATIONS OF OUR EIGHT OPERATIONS OFFICES IN THE FIELD AND OUR POWER MARKETING ADMINISTRATIONS. THE POSITION OF

UNDER SECRETARY OF ENERGY WOULD REPORT THROUGH THE DEPUTY SECRETARY POSITION TO THE SECRETARY, AND I WOULD COORDINATE CLOSELY WITH THE UNDER SECRETARY IN ADDRESSING A NUMBER OF ENERGY POLICY ISSUES AND STUDIES.

THE ADMINISTRATION'S ENERGY POLICIES

THE DEPUTY SECRETARY OF ENERGY WOULD BE CALLED ON TO ASSIST IN IMPLEMENTING THE PRESIDENT'S NATIONAL ENERGY POLICY. THIS POLICY HAS BEEN SPELLED OUT IN THE NATIONAL ENERGY POLICY PLANS OF 1983 AND 1985 SUBMITTED BY PRESIDENT REAGAN TO THE CONGRESS AND IN SECRETARY HERRINGTON'S ENERGY SECURITY REPORT TO THE PRESIDENT OF MARCH 1987.

AS YOU KNOW, THAT ENERGY POLICY IS TO SEEK A BALANCED AND MIXED ENERGY RESOURCE BASE AND TO AVOID UNDUE DEPENDENCE ON ANY SINGLE ENERGY SOURCE. THIS POLICY IS DESIGNED TO ASSURE THAT OUR MIX OF ENERGY SUPPLIES IS APPROPRIATE TO OUR ECONOMIC GOALS AND OUR NATIONAL SECURITY INTERESTS. TO IMPLEMENT THIS POLICY IN THE MOST COST-EFFECTIVE AND EFFICIENT WAY, THE ADMINISTRATION SEEKS TO MINIMIZE INTERVENTION IN ENERGY MARKETS, WHILE MAINTAINING PUBLIC HEALTH, SAFETY, ENVIRONMENTAL QUALITY AND EMERGENCY PREPAREDNESS.

IN SEEKING THIS BALANCED AND MIXED ENERGY SYSTEM, WE HAVE TAKEN AND CONTINUE TO TAKE STEPS TO REMOVE IMPEDIMENTS TO THE GREATER USE OF ALL OF OUR ENERGY RESOURCES, RANGING FROM OIL, NATURAL GAS, COAL, NUCLEAR POWER, RENEWABLE ENERGY, AND ENERGY CONSERVATION. AND WE SUPPORT THE SEARCH FOR NEW ENERGY TECHNOLOGIES THROUGH OUR RESEARCH AND DEVELOPMENT EFFORTS. LET ME MENTION SOME OF OUR EFFORTS IN EACH AREA:

- IN OIL AND NATURAL GAS, WE ARE COMMITTED TO A STRONG DOMESTIC OIL AND GAS INDUSTRY. THE ADMINISTRATION HAS SOUGHT REMOVAL OF IMPEDIMENTS TO DOMESTIC EXPLORATION AND PRODUCTION THROUGH PRICE DECONTROL EFFORTS, RETAINING CERTAIN TAX INCENTIVES FOR DOMESTIC PRODUCERS, PROMOTING ENHANCED OIL RECOVERY, ENCOURAGING THE OPENING UP OF NEW AREAS OF

FEDERAL LANDS FOR LEASING, AND EXAMINING POTENTIAL NEW MARKETS FOR OUR GAS RESOURCES, SUCH AS IN ALTERNATIVE FUELS FOR TRANSPORT.

• IN COAL, WE ARE EXPLORING NEW TECHNOLOGIES AND WAYS TO EXPAND MARKETS AND OPPORTUNITIES FOR COAL THROUGH SUCH EFFORTS AS SUPPORT FOR CLEAN-COAL TECHNOLOGY AND ENCOURAGING GREATER EXPORTS OF U.S. COAL AND COAL TECHNOLOGIES.

• IN NUCLEAR ENERGY, WE ARE COMMITTED TO ENSURING THAT NUCLEAR POWER REMAINS A VIABLE AND SAFE OPTION THROUGH PURSUING EFFORTS TO STREAMLINE THE LICENSING PROCESS, ASSURE THE SAFE AND RELIABLE OPERATION OF EXISTING PLANTS, AND PROMOTE IMPROVED NUCLEAR DESIGNS AND CAPABILITIES.

• IN CONSERVATION, WE SUPPORT LONG-TERM, HIGH-RISK ENERGY CONSERVATION R & D AND PROGRAMS TO EDUCATE ENERGY USERS ABOUT AVAILABLE TECHNOLOGY. AND WE HAVE IMPROVED THE CONSERVATION R & D PROGRAM BY ESTABLISHING MORE EFFECTIVE PRIORITIES AND INCREASING PRIVATE SECTOR PARTICIPATION AND COST SHARING.

• IN RENEWABLE ENERGY, WE ARE SUPPORTING CONTINUED RESEARCH TO PROVIDE THE PRIVATE SECTOR WITH THE TECHNOLOGY BASE IT NEEDS TO DEVELOP COMPETITIVE APPLICATIONS OF RENEWABLE ENERGY.

AND TO STRENGTHEN OUR PREPAREDNESS TO MEET POTENTIAL FUTURE ENERGY EMERGENCIES, THE STRATEGIC PETROLEUM RESERVE HAS BEEN INCREASED BY FIVEFOLD SINCE 1981.

THESE AND OTHER PROGRAMS WILL CONTINUE TO BE PURSUED VIGOROUSLY. THE DEPARTMENT OF ENERGY ALSO HAS UNIQUE RESPONSIBILITIES AS THE MANAGER AND CUSTODIAN OF OUR CRITICAL WEAPONS PRODUCTION FACILITIES AND OUR NATIONAL LABORATORIES. THE DEPARTMENT HAS ACTIVE AND ONGOING EFFORTS UNDERWAY TO ENSURE THAT THE OPERATION OF OUR FACILITIES MEET OUR NATIONAL SECURITY AND RESEARCH AND DEVELOPMENT GOALS. THESE EFFORTS WILL CONTINUE TO RECEIVE MY CLOSE ATTENTION AND GUIDANCE.

I AM FULLY COMMITTED TO THESE POLICIES AND PROGRAMS AND TO CONTINUING TO WORK WITH THE CONGRESS TO FULLY CONSIDER YOUR VIEWS AND CONCERNS.

I THANK YOU FOR THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY.

The CHAIRMAN. Thank you very much, Mr. Salgado.

Subsequent to the hearing of this Committee held on May 19, 1988, concerning DOE's prosecution of individuals for restitution of moneys never received under the so-called Central Figure Theory, has DOE undertaken an independent policy analysis as to whether it should continue this approach in the Oil Overcharge Program?

Mr. SALGADO. It has, Mr. Chairman.

The CHAIRMAN. What is the current policy evaluation?

Mr. SALGADO. The current policy evaluation is still under review. Two things have occurred since, subsequent to that hearing.

I have an independent consultant that has reviewed this issue for me. I have met with outside counsel who expressed grave concerns over the overall implications of this policy as germane across the entire small business community. At this particular time, we are bringing together a team within the Department for thorough review of the legal analysis, as well as the programmatic utilization, of that theory in particular cases that are currently pending with ERA.

The CHAIRMAN. You are bringing together a group to study that?

Mr. SALGADO. Not only to study the legal premise, but also to give an independent review of the utilization of that legal theory within the ERA, and those particular cases that are currently pending where that theory has been utilized.

The CHAIRMAN. Who was your legal expert?

Mr. SALGADO. I brought in Mr. Frank Ruddy as a consultant to review this issue with me.

The CHAIRMAN. Was his advice in writing?

Mr. SALGADO. His advice has been an informal document to me covering not only the legal theory, but other aspects of ERA.

The CHAIRMAN. Can you share his advice on the Central Figure Theory with us?

Mr. SALGADO. I would like to submit, in writing a current analysis of the Central Figure theory of liability with this Committee. It carries a broad range of views and subjective analysis. I would like to submit that for the record.

The CHAIRMAN. We would like to receive that. Do you have a time frame within which this shall be completed?

Mr. SALGADO. I think the entire process that I have outlined before the Committee today, and to you, Mr. Chairman, should be brought to completion by the end of summer.

The CHAIRMAN. By the end of——

Mr. SALGADO. End of summer. That is the analysis, itself, as well as ongoing reviews.

The CHAIRMAN. Now, the end of the summer is September 21, or the end of August?

Mr. SALGADO. I look at the end of summer as the end of August, but I don't have the calendar in front of me.

The CHAIRMAN. At the end of vacation for the kids, that is what summer used to be for me.

I think you are certainly well aware of the interest of this Committee in that theory of its importance and I am sure that others outside of the Congress share that view. I do hope, and I know you are treating it as a matter of first priority, and that you will do what you can to see that that is completed. Because, after all, this

Administration is in its last months and I hope we can have it done by the end of the summer.

Mr. SALGADO. It will be done.

The CHAIRMAN. Thank you.

It is my understanding that the Department of Energy intends to award three major contracts this fall for the Savannah River Project, the New Production Reactor Project as well as the Nuclear Waste Storage Project on the Yucca Mountain site in Nevada.

I also understand that in the past DOE has followed a policy of diversification when awarding construction contracts. Would you speak to that?

Mr. SALGADO. I would indicate, Mr. Chairman, that there are three major contracts to be awarded in the upcoming months. The one of primary importance that is currently out for RFP, and solicitations are being prepared, is the Savannah River contract.

Diversification of contractors is, at times, a very favorable asset to have within any large organization. At the same time. I think the quality of the contractor, given the national security concern and the fragile nature or our complexes, is also a great concern. Diversification of contractors is only one factor to be considered in the overall appraisal and evaluation of any submitted proposal, but we are aware of that concern.

The CHAIRMAN. Thank you. Senator Evans.

Senator EVANS. Thank you, Mr. Chairman.

It hardly seems as though it was three years ago when you appeared before us the previous time for confirmation. I have really been very pleased in that three-year period, particularly with the array of affairs that have dealt with the Bonneville Power Administration, the whole question of privatization, of repayment charges and changes, the Inter-Tie Access Policy, all of which have come up during the three years.

Regarding the PMA's, and specifically the operations of Bonneville, are there any issues now on the horizon in the next six months, which is all the further ahead that any of us can look, that will require your attention? Do you expect any change in current attitudes of the Administration regarding any of these issues?

Mr. SALGADO. No, sir, I do not. On the last issue that came up, there were numerous discussions with personnel at OMB; and I have been told that all those issues have been resolved and I expect nothing on the current horizon to impede the ongoing progress of BPA in its semi-autonomy.

Senator EVANS. Would there be any difference in the way you would handle these affairs as Deputy Secretary rather than Under Secretary.

Mr. SALGADO. No, sir, there would be none. I have had the utmost confidence and complete confidence in BPA, the organization, and I have a great amount of confidence in the current staff at that particular time. There would be nothing to change that.

Senator EVANS. I understand that there will be some hearings tomorrow that will probably get into more technical elements of the new production reactors and the current situations at some of our production facilities, but let me ask this. The Ahearne Committee recently held hearings at Savannah River on the current situation of those Savannah River reactors and their safety and environmen-

tal questions. Have you gotten any feedback yet from this group on the hearings and if so, could you capsulize what those are?

Mr. SALGADO. Senator, that was our first trip to Savannah River and I believe it was more of an orientation trip for them so they could focus on further endeavors and investigations on their own. I haven't received, nor has the Secretary received a report from the Ahearne Committee concerning that particular trip to Savannah River.

As you are well aware, there are numerous ongoing activities at Savannah River concerning those reactors, but the Ahearne Committee, itself, has not submitted a report nor have they addressed any particular issue at this time.

The CHAIRMAN. What sort of system is set up within the Department of Energy for these kinds of reports and how they are analyzed and reported to the Secretary?

Mr. SALGADO. Well, the report from the Ahearne Committee will go directly to the Secretary and at the particular time, it will then probably be disseminated to the program and to the field for further analysis, as well as a parallel reporting into the ES&H, our own environmental, safety and health apparatus which we view as an independent body within the Department to oversee our operations. So it will have multiple tracks from the Secretary to ES&H for its independent analysis, as well to the field and the people that are entrusted with the implementation of ongoing policies and remedial actions.

Senator EVANS. Do you know the DOD authorization conference report sets up a new independent agency to oversee the safety and environmental questions at all SRP reactors, a five-member board appointed by the President, subject to Senate confirmation, with up to a hundred staff. How do you expect this independent oversight group to fit into the current institutional structure, the Ahern Committee for instance and the Department itself.

Mr. SALGADO. Well, essentially in all candor, of course, at one time we in the Department did oppose that. This has become the law of the land and will be implemented. I see the independent body of the five members and hundred-person staff basically undertaking ongoing investigation into safety areas that they deem appropriate.

In all candor, Senator, I think there is going to be enough to go around, both in review of safety policy and reviews and ongoing issues either in the environmental or the safety arena.

I see that the advisory board to the Secretary will be an arm of the Secretary so we will be able to examine specific areas, where the independent body created under statute will be able to look at anything they so desire at any time. Hopefully, they will complement each other within the Department so that, we, at the Department can do our job better and that we improve our health and safety environmental records in the future. But it will take coordination and communication between all of these bodies to ensure that we are complementing each other and not merely running crossways of each other.

Senator EVANS. I am sure there will be enough to go around, that almost goes without saying. My concern is that when there is a lot to go around, how do we synthesize or coordinate or make

sure that the information produced has some bearing on decisions made. Where in the Department is that focal point for bringing things together?

Mr. SALGADO. Well the Advisory Board reports directly to the Secretary, but the responsibility will probably fall, if I am confirmed, into my office as the Chief Operating Officer, for making those particular decisions, or facilitating those communications so basically we are moving forward and not merely in a standstill status.

Senator EVANS. Just two more questions. I may have one or two questions for the record, Mr. Chairman, but two more here.

I mentioned that there will be a hearing Wednesday afternoon on more technical questions regarding the new production reactor, but the final report of the ERAB panel on technology assessment was made public last Thursday. What is the process that you will go through in briefing the Department, itself, internally on the report? In order words, what happens now that they have made the report?

Mr. SALGADO. Senator, the process was established prior to the ERAB's commission and that process is as follows: The program, as a proponent, has the burden or the obligation for analysis of the report. They will undertake a three-stage briefing of the ESAAB panel within the Department, which I chair, which is the senior management people within the Department.

Concurrent with those briefings that will be going on, they will also be consulting with the Nuclear Weapons Council within the Defense Department, they will be consulting with OMB, National Security Council and with the Office of the Science Adviser to the President.

After approximately four briefings before ESAAB, after those consultations and a full briefing, they will come forward with a series of recommendations. We go through a methodical process. Subsequent to that, we will go forward to the Secretary with a series of recommendations or options.

Prior to a decision by the Secretary, he will consult with the Secretary of Defense and then will go forward with the decision.

That is the process that has been laid out, a series of internal consultations, external consultations, recommendations to ESAAB and then consultations with the Secretary of Defense prior to a decision.

Senator EVANS. A final question or at least a final subject. We all are aware of the economic consequences of the closure of thenreactor at Hanford.

Let me just read the report of the managers of the Conference Committee on DOD where it says that the increase of $50 million in the budget for environmental restoration activities be applied to the "Highest priority projects of the Department of Energy defense facilities, including to the extent the Secretary of Energy deems appropriate, projects at Hanford, Washington. The conferees' approval of an increase of $50 million reflects the high priority that is placed on the cleanup of the Department of Energy defense facilities."

I understand full well that there are a lot of energy defense facilities that everyone would like to, and could use the extra money.

Could you, at this time, tell us what your response to that statement and the $50 million is likely to be, perhaps with some reflection on the defense waste problems as you see them in various ways.

Mr. SALGADO. Well, Senator, obviously, the $50 million is a substantial amount of money, but looking at the parameters of the waste problems within the defense facilities of the DOE, this is not a lot of money. I have not received any information from either the program or the field giving us any indication of their priorities for the utilization of these funds and, therefore, I have no indication of where the Department will place them. Nor do I have any basis to make a judgment on where those funds should be spent at this particular time. I am aware of the commitments that have been made and are being made towards cleanup for the Hanford facility and the amount of waste that is currently located at the Hanford facility.

Senator EVANS. How would that amount of waste compare with the amounts of total waste we have in the country.

Mr. SALGADO. Well, currently, depending upon the standards and definition, it is my recollection that Hanford has substantially more waste that needs to be processed, vitrified and stabilized than any of our other facilities. And it may be, and I don't have the numbers in front of me, it may be that they have as much as the rest of our facilities combined. But again, it goes upon definition and the analysis that was done, but it is substantial.

Senator EVANS. How do you interpret the statement where it says "including to the extent the Secretary of Energy deems appropriate, projects at Hanford, Washington." That is the only place mentioned and it is part of the allocation of the $50 million.

Mr. SALGADO. It seems clear.

Senator EVANS. Does that have a particular meaning to you?

Mr. SALGADO. Sure it does. Obviously, that if it is possible, that they should, that some priority should be given to Hanford, Washington. It has been enunciated and so specified.

Senator EVANS. Thank you very much.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Senator Wirth.

Senator WIRTH. Thank you, Mr. Chairman.

Mr. Salgado, I have a couple of questions related to the overall future of the nuclear weapons complex. You and I have communicated about this in the past.

First of all, could you tell us if you are on schedule with the December 1 completion and submission to the Congress of the 2010 study.

Mr. SALGADO. The answer is, yes, that we are on schedule, we have two more meetings coming up in the first week of August, I believe, and that we are currently on schedule.

Senator WIRTH. There had been some discussion that you might even have that to us a little before the 1st of December, earlier in the fall. Is that now an unrealistic estimation?

Mr. SALGADO. I am not sure it is unrealistic, Senator, but I would hate to commit that we could get it done earlier. This has been a worthwhile undertaking and it needs to be done right. The package that you will get and that we will provide will hopefully be a com-

petent and complete package. But I am not sure that we can get it to you earlier.

Senator WIRTH. The thrust behind that, as you know, had been the deep concerns that you all have felt and many observers around the country have felt and certainly many of us in the Congress have felt about the need to dramatically modernize our nuclear weapons complex having been built for the most part, 35, 40, 45 years ago.

The purpose of this study, as I understand it, was to try to look at the future of this complex, what changes had to be made, what movements had to be made and that you were in a unique position at the end of an Administration, to really come forward with a lot of recommendations, some of which were probably going to be pretty unpleasant in terms of their financial implication.

My concern is that you not pull any punches on this, I am not suggesting that you would, but that you be as blunt as you possibly can and be as complete as you were suggesting in your answer to my previous question, you all want to be. I think we absolutely require that for whoever wins, whether it is Vice President Bush or Governor Dukakis are going to need that templet.

Mr. SALGADO. Senator, I can only indicate to you what our most recent report to the Hill is. In the report to Senator Glenn on the environmental problems, the bill ran somewhere between $66 billion and $100 billion.

I can assure you that the Department's task is for the future of the country, from a national security standpoint, what the national security complex and the Department of Energy should look like for the benefit of this country into the next century; there will be no punches pulled; and that this complex will be laid out as best as we can see it, given what we believe the demands and needs are for the next century.

Senator WIRTH. The bad news is going to be not dissimilar from that in your report to Senator Nunn about the cost of cleanup which estimated what, $50 to $100 plus billion, and you are suggesting $50 to $100 plus billion.

Mr. SALGADO. It is astronomical and I regret that we, that I and Secretary Herrington have to be the ones to lay these numbers on the table, but basically we have to deal with reality and the reality is that this modernization of the complex costs money and environmental cleanup costs money.

Senator WIRTH. I appreciate that and I think those numbers do have to be laid on the table. Mr. Chairman, I think we have coming at us some more really bad news in terms of the budget that were in the earlier report of Senator Nunn on cleanup. The estimates were, $60—I think it was right, if I remember—$60 to $115 billion to clean up and the costs of modernization and relocations that are going to be necessary, have been estimated in the $100 billion category. I am not going to ask you to comment on that at this point, but that has been very much in the press and discussions and so on, I won't ask you to commit to a $100 billion figure as the other.

But in any case, Mr. Chairman, we have coming at us two very, very big nuts and it is going to be part of our responsibility on this Committee to figure out where that money is going to come from

and how we are going to go about spending it. It is not an easy task and I hope that as you bring us that report you all get out of town at very high speed and leave that bad news behind, Mr. Salgado.

Let me jump from there, if I might, to the very specifics related to Rocky Flats. As you know, we have had a long-standing cooperative relationship between management at Rocky Flats and the United Steelworkers at Rocky Flats. That plant has worked, some people say badly, some people say well, but it has worked because the management team and the workers out there have been able to sit down and pool suggestions and pool ideas and with bailing wire, keep the place hung together.

One of the problems, as you know, in the last couple of years is that that relationship has deteriorated pretty dramatically and there is growing suspicion on both sides. I am not phrasing this, Mr. Salgado, in terms of a request, but rather once again, to emphasize to you the absolute imperative of doing everything possible to get those two groups back together in a cooperative mode. The kind of suggestions that were made by management with great ease 10 years ago, now are met with a lot of resistance. The kind of suggestions that used to be made by the labor forces to the changes that ought to be made are now met by great resistance. There is an atmosphere of a kind of confrontation which is very expensive for all of us and certainly very corrosive of moral and a sense of commitment at the plants.

I note that only to urge you to, if you would attend to that, see if you can talk to your people out there, and see if you can get those two pieces back into greater harmony. That is going to be very important for all of us.

Mr. SALGADO. I will take a personal interest and attempt to do so.

Senator WIRTH. I would appreciate it if you would.

Finally, can you tell me as Deputy Secretary, jumping to a totally different topic, as Deputy Secretary, can you tell me what changes in the research mode of the Department of Energy you all have made in response to the global warming issue.

Mr. SALGADO. Actually, with respect to the global warming issue, I don't believe that we have made any dramatic responses to that issue itself.

Obviously the clean coal technology issue that we have been actively pursuing and that Congress has appropriated, I believe it is $575 million in the 1989–91 time frame, is consistent with that activity. The ongoing acid rain program which also falls within the global warming issue because of the cost and utilization of fuels, is also within that purview. As to global warming——

Senator WIRTH. You are not telling us that the Administration has taken aggressive steps on acid rain, you aren't telling us something else today?

Mr. SALGADO. No. I am indicating to you what we have done in those areas. Whether they are aggressive steps or not, I gather is subject to interpretation.

Senator WIRTH. I mean just doing something or not doing something, I would guess.

Mr. SALGADO. Well, we have. Obviously we've got the clean coal program that has been going forward and our new solicitation to

come out in Octoer 1988 and that is so we can burn coal more cleanly and more efficiently, No. 1.

Senator WIRTH. I understand that.

Mr. SALGADO. No. 2, we have the ongoing studies on the acid rain activity throughout the entire Executive Branch. As to the global warming issue, under that particular title, I am not quite sure, and maybe Donna would know that, but I am not quite sure whether or not we have the initiative, per se, in that arena right now under that title.

Senator WIRTH. I am sure we will get to that with Ms. Fitzpatrick, but let me suggest to you that as we look at the global warming issue, and I will close with this Mr. Chairman, as we look at the global warming issue, I think the evidence is overwhelming that global warming is with us in one way, shape or form and that we have to begin to focus on how to deal with that and probably the major intervention strategy has to do with energy conservation right away. Even on the off chance there is no validity to the global warming theory, a very aggressive program in energy conservation is good economics and good national security at the same time.

I would think that this might be time, as well, as you are on your last blush of the Administration to be thinking about setting into motion the kind of directions that I think most people who have thought about the issue believe that we ought to be undertaking as a government.

I know Ms. Fitzpatrick has talked about that and is familiar with all of that and I just would hope that in your tenure as Deputy Secretary, that this will get the kind of attention that I think people in this country would like to see it receive.

Good luck, sir. I do not envy you this assignment, whatsoever, but I am glad you are willing to take it on.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Wirth. Senator McClure? Senator Domenici?

Senator DOMENICI. Let me just say first, Mr. Chairman, there are so many things we could talk about, but I would like just to take a moment of time and speak of the Department of Energy as a lead scientific institution in the United States. See if I could have some concurrence from the nominee with regard to their changing role because they have such an array of scientists. Let me move in that direction for just a minute.

Might I ask you if you are aware of the fact that the Department of Energy is now, in the United States, the largest director and manager of scientists of any institution, government or private, are you aware of that?

Mr. SALGADO. I learned that from Secretary Herrington and learned it from you.

Senator DOMENICI. You have more scientists, Ph.D.'s, M.A.'s and everybody that supports them under your jurisdiction than any university, any other governmental institution, including the National Institutes of Health and the like, approach 20,000 scientists and backup people that are under your direct control and supervision and it seems to me that it would be fair to ask you if you have, with the new scientific breakthroughs that are occurring in the

world very rapidly, everything from superconducting and the like, whether you have seen a change in the mission of the Department of Energy and if you have, have you done anything to make the laboratories and their very diverse personnel more responsive to the United States or America's needs in these areas, just briefly? Has anything changed in the last 18 months?

Mr. SALGADO. Yes, sir, there has been change and maybe it has not been at the rapid rate that many of us would like. But as you are well aware, after the conference we had here in Washington, DC, on superconductivity, we named three centers of excellence on superconductivity.

We also set about under Los Alamo's instigation, to create a partnership with pilot programs where basically we utilize the laboratories and their resources and bring together some of the commercial people for applications of science expertise, not only in our research and development, but also in the application side of it.

We've also challenged our ten other laboratories to go out and bring us into joint ventures with the private sector in the area of superconductivity so that we could come together and try to utilize that expertise that you mentioned.

So, there is a difference and there is a change here. Now whether or not we have moved aggressively or fast enough in it, and we are still moving ahead in this as we try to lay out pilot projects so that we can move forward in this area. But I think this is a changing time and changing ways to go, not only in superconductivity, but in the Genome factors and other areas like that. So there is some change.

Senator DOMENICI. This is just my last question to you and I will save the more technical ones on the bills that are running through Congress. I will save those for Ms. Fitzpatrick.

Let me just ask you this question: Do you believe that as you look at United States and other institutions that have science within them, universities, private sector, do you believe that the Department of Energy, as a whole, is doing enough to transfer science and technology into the marketplace, if you had to objectively analyze it, versus the others? Has it succeeded or not?

Mr. SALGADO. No, it has not.

The CHAIRMAN. Is that because it can't or should we be doing some things to make it accomplish more in that area?

Mr. SALGADO. Well, Senator, I think there is a whole series of—first of all, the simple answer is, it has not.

No. 1, I think there has been a transformation in the last seven or eight years, from doing near-term research to long-term high risk research, No. 1, and that in and of itself does not lead to a quick transfer. In those areas where we have sound expertise, I think we have been encumbered by our own institutional biases and we have not facilitated enough transfer.

In all candor I've had lab directors, I've had people come in, they say, well what about this copyright, what about this, this is ridiculous, we can't get this moving through. The system itself grinds it away and grinds it away. We have not done a good job and we haven't done it well enough.

Senator DOMENICI. Thank you very much, Mr. Chairman.

The CHAIRMAN. Senator McClure?

Senator MCCLURE. Mr. Chairman, thank you very much. I ask unanimous consent that my opening statement appear in the record immediately following.

The CHAIRMAN. Without any objection.

Senator MCCLURE. Mr. Chairman.

Mr. Salgado, it is almost a full year since Admiral Foley left as the Assistant Secretary of Defense Programs. Since that time Troy Wade has been Acting Secretary.

Mr. SALGADO. Yes, sir.

Senator MCCLURE. It seems obvious for some reason Mr. Wade hasn't been submitted, and I am not suggesting that he is the only person in the United States that can serve, but that is a pretty important activity in the Department of Energy. About half of your total budget, over half the total budget is involved in the general area of defense programs and yet you do not have a fully-active Assistant Secretary of Defense, although Troy is certainly active.

If and when, and I think you will be confirmed, is the Department going to have an Assistant Secretary of Defense Programs or are you going to continue to balance this year under the conditions that we have had over a year now?

Mr. SALGADO. Senator, I can only indicate to you that we have continued to interview personnel sent to us by the White House and other agencies for that position. As a matter of fact, two weeks ago we interviewed another individual for that position.

In all honesty, Senator, I believe that, since we have not submitted a name to the White House for clearance, I believe the Secretary's predilection is that since Troy Wade has done an outstanding job of managing that program, he is competent and capable, I think he will leave Troy Wade in an acting capacity throughout the tenure of his administration here and leave it to his successor, i.e., Secretary Herrington's successor to appoint an ASDP.

Senator MCCLURE. I am a little puzzled by the answer because you say he has done such an outstanding job, we are going to leave him there, but he is not outstanding enough to put there.

Mr. SALGADO. That again, sir, that is the—with all deference, that prerogative and choice belongs to both the President and Secretary Herrington.

Senator MCCLURE. I understand that, but neither one of them are here.

Mr. SALGADO. I appreciate the opportunity to respond for them, I guess. I just think that has been the Secretary's decision and that is about all I can communicate.

Senator MCCLURE. I understand that and I know in this instance, you can't speak for him, I don't expect that you will, but I think that there is something fundamentally wrong when we have a position of that importance unfilled for nearly a year now with no plans to fill it. I think, as a matter of fact, Troy Wade will probably continue, although there is some disservice to him in that activety, since he was assured before he came here, his name would be submitted. As late as March 31 of this year Secretary Herrington said in response to a question by Senator Exon that Mr. Wade's name would be submitted soon. There wasn't a statement on March 31st, at that time, that hearing that Mr. Wade was not adequate for the job, but nobody can really indicate that there is anything other

than that judgment on the part of the Department. That, for a fine public servant, seems to me to be a disservice to him, as well as a mark that there is something wrong in the Department with that job unfilled.

Mr. SALGADO. Well, I would first of all, with all respect, correct the record. Mr. Wade came back here from Idaho to assume the acting role of Assistant Secretary for Defense Programs. He was told at that particular time that, I told him, Senator, I said his name would be considered, it would be submitted to the Secretary with all others. Now that is where that stood and there has been some miscommunication and I have discussed this very issue with Mr. Wade. So there is no misapprehension here, I did not promise Mr. Wade that his name would be submitted to the White House. I said that we would submit his name to the Secretary as other candidates came through and that is when we talked about submission of his name. As to the March 31 statement of Secretary Herrington, I know nothing about that, sir.

Senator MCCLURE. Well, again, and I don't want to beat a dead horse, there is just something wrong when this particular area of the Department has not been fully staffed. As a matter of fact, it has not been fully staffed for most of the time this Administration has been in town. Since the departure of Shelby Brewer that has been a stepchild in the Department. As far as I am concerned, you and other people have done a superb job of trying to fill a gap, a gap that was left of your own creation.

Now, I recognize that it is difficult to find the kind of person you want, and probably at this stage in an administration, it is impossible because who would step forward now to submit themselves to the rigors of the cross-examination and the interrogation and the investigation and recusals and divestitures and all the rest of the things that are required of any of you who take administrative positions, in order to serve for a few months and then not be able to do anything for the next year or two in your chosen field.

Mr. Salgado, you are an exceptional man and I say that very, very positively. I want the record to indicate that. I think you have done a remarkable job and I very highly commend you for it. But this is one area where I am really disappointed in both you and Secretary Herrington because there is something fundamentally wrong in the Department, in my view, this area that is so important to you, to the Department and to the nation has been allowed to kind of drift along the way it has.

Mr. SALGADO. It has not been for a lack of attempt to find individuals and personnel to come in to assume that role, believe me, Senator, it has not been for lack of that. The White House has sent us numerous candidates. Again, I understand your concern and believe me, even from my position, it is not a comfort. I mean I understand.

Senator MCCLURE. I am sure you do understand and this isn't the first such conversation I have had with either you or Secretary Herrington. It is a matter of concern that I have had for a long period of time.

Senator Evans mentioned the acquisition strategy for a new production reactor. You have an ESAB, you have an ERAB, you went through the process in a very cursory fashion as to how you would

go about making that decision. I will not belabor that subject. We will have an oversight hearing on that in the Defense Appropriations Subcommittee on Wednesday of this week. I am very much concerned, as you know, with the national security that is affected by the choices that will be made in terms of technology and siting.

Let me say just as a preamble to the other hearing of which I will also be participating, every study that I have seen, including the ERAB report which has just now at the point of release, every study I have seen indicates that there ought to be duality of production facilities, is that not correct?

Mr. SALGADO. That's correct.

Senator MCCLURE. That is without exception.

Mr. SALGADO. I have not seen any that has ever recommended having it solo.

Senator MCCLURE. We are approaching the time now when there is widespread recognition that the Savannah River reactors must be replaced.

Mr. SALGADO. That is a given, sir.

Senator MCCLURE. There was a period earlier in this Administration when it was hoped that the rehab would extend their live indefinitely and that we could accept whatever risks there were attendant to that course of conduct. That is now behind us. No one makes that contention anymore, am I correct?

Mr. SALGADO. There may be some that do, but I do not share that view.

Senator MCCLURE. Then we confront the fact that if there is to be duality of production facilities, duality can be satisfied by one of several different means, but I think to most that means two different sites for production, am I not correct?

Mr. SALGADO. Well, it can, sir. I think depending upon the size of your sites, given the size of some of our facilities, you can have duality on the same georgraphical area but still be 20 miles apart.

Senator MCCLURE. I suspect that is partially true, although if political events cause reactions, if they are within the same political jurisdiction, then you have the same political jurisdiction, then indeed you have the same problem, even if they are 20 miles apart.

Mr. SALGADO. You may.

Senator MCCLURE. As a matter of fact I think we have the Governor of Massachusetts attempting to determine what happens in New Hampshire. So, it doesn't even have to be in the politcal jurisdiction to have duality of siting in the minds of some or single siting in the minds of some.

I assume that you and I will have the opportunity to discuss this further as we go farther into the process.

Mr. SALGADO. I am sure we will, sir.

Senator MCCLURE. Thank you very much.

Mr. SALGADO. You're welcome.

Senator MCCLURE. You are more than welcome here. Again, I want to commend you very highly for the job you have done. There are very few people who come here with a record that so fully supports the selection for which you are sitting here today.

Mr. SALGADO. Thank you Senator, I appreciate it.

Senator MCCLURE. Thank you.

The CHAIRMAN. Next, Miss Fitzpatrick.

Miss FITZPATRICK. Thank you, Mr. Chairman. I have a full statement, if I may, submit for the record.

The CHAIRMAN. Without objection that would be put into the record.

STATEMENT OF DONNA R. FITZPATRICK, NOMINEE TO BE SECRETARY OF ENERGY, DEPARTMENT OF ENERGY

Miss FITZPATRICK. Thank you.

Mr. Chairman, members of the Subcommittee. I appreciate the opportunity to appear before you today as President Reagan's nominee to be the Under Secretary of the Department of Energy. It has been a great privilege for me to serve Secretary Herrington and the President over the last several years, first as principal Deputy Assistant Secretary and then as Assistant Secretary for Conservation and Renewable Energy, and most recently as Associate Under Secretary.

I share Secretary Herrington's commitment to carrying out the President's national energy policy and to fulfilling the mandates that Congress has established for the Department.

Mr. Chairman, I have worked hard to provide sound management, stability and firm leadership to the programs for which I have had responsibility and I will continue to discharge my responsibilities in that manner if I am confirmed.

I am committed to providing leadership within the Department and before the public to pursue every economical opportunity to improve our energy efficiency, to conserve rather than waste, to utilize our abundant resources and to address the environmental concerns that arise from the production and use of many forms of energy.

Over the nearly five years that I have served at the Department, I believe that I have demonstrated that I am committed to seeking and fully considering the views and suggestions of the Committee and to maintaining the constructive dialogue with you on the Department's policies and activities. If confirmed, I will continue in the same spirit.

I believe that if we, together with the private sector, are successful in our efforts, America can be assured of stable and secure energy supplies. It would be a privilege to work with this Committee and the Congress to better our nation's energy security.

Mr. Chairman, I have submitted detailed information on my qualifications, experience, and financial affairs and I will be pleased to answer any questions you or the Committee may have.

[The prepared statement of Miss Fitzpatrick follows:]

DONNA R. FITZPATRICK

NOMINEE FOR THE POSITION OF
UNDER SECRETARY
OF THE DEPARTMENT OF ENERGY

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

JULY 11, 1988

Mr. Chairman and distinguished Members of the Committee, I appreciate the opportunity to appear before you today as President Reagan's nominee for the position of Under Secretary of the U.S. Department of Energy.

I share Secretary Herrington's commitment to carrying out the President's national energy policy and to fulfilling the mandates that Congress has established in law for the Department. If confirmed as Under Secretary, I will be accountable to this Committee and to the Congress, as well as to Secretary Herrington and the President. It would be a privilege to work with this Committee, and the Congress, to better our Nation's energy security.

BACKGROUND AND EXPERIENCE

Let me begin with a brief description of my qualifications. My educational background and professional experience are mainly in the fields of science, law, and, most recently, public administration as Assistant Secretary for Conservation and Renewable Energy. I earned a Bachelor of Arts degree in physics from the American University in 1972. After teaching high school chemistry and mathematics, I entered law school and graduated from the National Law Center of George Washington University. In my law practice, first with the Washington, D.C., firm of O'Connor and Hannan and then as a sole practitioner, I worked primarily in property and business law, including real estate development. In 1980, I served the Office of the President-elect as a member of the Transition Team for the National Science Foundation, reviewing national policy in basic science research. In 1983, I served as a consultant to the Secretary and Under Secretary of Energy in a general review of the Department's conservation and renewable energy programs and policies.

I left my law practice in January 1984 to serve as Principal Deputy Assistant Secretary for Conservation and Renewable Energy. In that capacity, and

that of Assistant Secretary for Conservation and Renewable Energy, which position I have held since December 1985, my responsibilities have included managing research and development programs in energy efficiency and renewable energy, administering the state and local assistance grant programs, and coordinating management of three of the five federal power marketing administrations. In my recent experience as Associate Under Secretary, I have assisted the Under Secretary in the performance of his responsibility for energy conservation and provided policy direction and management oversight to the Office of Policy, Planning, and Analysis. My education and professional experience, I believe, have prepared me to serve as Under Secretary.

ADMINISTRATION ENERGY POLICIES

With this background in mind, I would like to discuss my role in carrying out the Administration's energy policies, if confirmed as Under Secretary.

It is my view that energy has an importance far beyond that of most commodities. It is a significant component of every aspect of the U.S. economy. Consequently, energy policy is not something that any of us can take for granted.

If confirmed, I will carry out the policies established by President Reagan and Secretary Herrington to the best of my abilities. The overall goal of our national energy policy is to foster an adequate supply of energy at reasonable cost. The strategies which support this goal are to minimize federal control and intervention in energy markets, while maintaining public health, safety, and environmental quality, and to promote a balanced and mixed energy resource system.

What this means to me is that the proper role of the Federal government is not to choose winners among competing technologies or to make choices for industry and consumers, but to provide the marketplace with information and opportunities to make choices. These choices will depend upon local conditions and the relative benefits as determined by the energy users. Thus, I believe that no one approach and no one fuel can be depended upon to meet all of the energy needs of a country as diverse as ours: resources that are available in Hawaii may not be available in New York; an energy conservation program that works in Minnesota may not be needed in Arizona. As we have seen in the past, undue dependence upon any single energy source is unwise and a possible precursor to serious consequences for America's economic growth and national security.

The Nation has made impressive progress in energy efficiency and supply over the last few years. Energy supplies are generally abundant and readily available; energy efficiency continues to improve; and the real price of gasoline is at its lowest level since the 1950s, having declined by almost 50 percent since 1981. Overall, the Nation uses about 40 percent less energy

today than it would have if pre-1972 energy consumption trends had continued. We use less oil than we did in 1973, despite growth in GNP of approximately 40 percent, a population increase of over 34 million, and an increase in the number of vehicles on the road of over 30 million. In 1987 the U.S. used about 27 percent less energy than it took in 1973 to produce a given level of goods and services, with well over half of this improvement coming since 1980.

However, while we have made tremendous progress in strengthening our energy security and diversifying our energy mix, we have not become complacent. The Administration is vigorously pursuing an energy program designed to ensure that we do not again become overly dependent on a single source of energy or one set of suppliers.

Therefore, we must continue our efforts to find ways to use energy more efficiently and to remove impediments to its efficient use and domestic production. Perhaps the most important approach to solving our energy problems in the long run is through better technology to improve both utilization efficiency and supplies of every kind. Therefore, we are pursuing research efforts geared toward environmentally safe and economically sound use of energy efficiency improvements, renewable energy, nuclear energy, and fossil fuels. We cannot afford to prematurely close off any of our energy options. That is what our research and development programs are all about: providing choices to the marketplace so that we will never again find our national security threatened by interruption of a particular resource supply, or our economic growth stymied by inflexibility, unacceptable costs, or short supplies, or our foreign policy driven by the international thirst for oil.

ROLE OF THE UNDER SECRETARY

Much of the accomplishment of the past decade is a reflection of the creativity of the nation's scientists and engineers, the inventiveness and productivity of the private sector, and the judgments of millions of energy producers and consumers in a free and competitive market. If confirmed, I intend to be a part of encouraging this progress. While I believe that the most effective means of obtaining real gains in energy efficiency and supply is through the mechanism of the marketplace, I also believe that it is important that we as a nation pursue a stable program of research and development in these fields, and policies which support these efforts, while retaining the flexibility to address changing needs. If I am confirmed, my role as Under Secretary would be to discharge the Under Secretary's unique statutory responsibilities in the area of energy conservation and to oversee the policy functions of the Department. I am committed to providing leadership within the Government and before the public to pursue every economical opportunity to improve our energy efficiency, to conserve rather than waste, to utilize our abundant resources, and to

address the environmental concerns which arise from the production and use of many forms of energy.

Mr. Chairman, I have worked hard to provide sound management, stability, and firm leadership to the programs for which I have had responsibility in this Department and I will continue to discharge my responsibilities in that spirit if I am confirmed as Under Secretary. I have had a great deal of help as I have done this over almost five years and I would be remiss at this point if I did not note how impressed I have been with the dedication and skill of the Department's personnel. I look forward to working with them in a new role as Under Secretary and meeting the challenges which confront us.

In like manner, I am committed to seeking and fully considering your views and suggestions, and to maintaining a constructive dialogue with you on the Department's policies and activities. I hope that I have demonstrated that commitment to this Committee in the past. If we, together with the private sector, succeed in these efforts, particularly in increasing the efficiency and reliability of new technologies and decreasing their costs, America can be assured of stable and secure energy supplies for generations to come.

Mr. Chairman, this concludes my formal remarks. I have submitted detailed information on my qualifications, experience, and financial affairs. I will be pleased to answer any questions you and the Committee may have.

The CHAIRMAN. Thank you Ms. Fitzpatrick. Before we get into questioning, Mr. Hunter, why don't we hear from you on your statement and then we will allow questioning of both of the witnesses.

STATEMENT OF ROBERT O. HUNTER, NOMINEE TO BE DIRECTOR, OFFICE OF ENERGY RESEARCH, DEPARTMENT OF ENERGY

Mr. HUNTER. Thank you. Mr. Chairman, you have my prepared statement for the record. I would like to make a few comments in addition to that.

I am pleased to be able to be considered to serve in this position, that of Director of Energy Research, Department of Energy and to represent President Reagan and Secretary Herrington.

I realize that there is a short time remaining in the Administration. My major priorities are as follows:

First, the scientific component of the office programs are a crucial national resource. From my personal knowledge of the programs conducted under these offices for many years, they are characterized by a high degree of scientific and technical excellence and can serve the Nation well. I will dedicate myself to guiding these programs to assure their continued excellence.

Second, it is important that the large scientific initiative be carefully managed to insure long-term continuity and support, as well as a smooth transition to the next Administration.

Third, there should be a balanced program for research in the methods of generating energy as well as their associated environmental and health consequences. The results of this effort will enable us to properly balance the need for energy with the various societal concerns.

Let me make a few comments about my background. My formal training is in physics. I have a Bachelor of Science from Stanford and a Ph.D. from the University of California at Irvine.

Most recently, I have worked in the private sector, specifically at Maxwell Laboratories and then at Western Research Corporation, an institution which I founded.

In addition, I have worked with Government laboratories, initially when I was in the U.S. Air Force and actually in the laboratories, and with the national laboratories on a continuing basis since I first began my scientific career.

I feel that I have a good understanding of how our laboratories work and an appreciation for the contributions of this system.

I have also served the President as a member of the White House Science Council and have been involved in discussions of policy and other matters with regard to these laboratories and the Department of Energy.

The work of the Department of Energy has an important role in assuring the national well being. If confirmed, I look forward to working closely with Congress to fulfill this goal.

Mr. Chairman, you have a copy of my résumé. I would be pleased to answer any questions about my background and qualifications.

[The prepared statement of Mr. Hunter follows:]

STATEMENT OF

ROBERT O. HUNTER, JR.

NOMINEE FOR THE POSITION OF

DIRECTOR, OFFICE OF ENERGY RESEARCH

OF THE DEPARTMENT OF ENERGY

BEFORE THE

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

JULY 11, 1988

Mr. Chairman, Members of the Committee: I appreciate the opportunity to testify before you as President Reagan's nominee for the position of Director of the Office of Energy Research for the Department of Energy. If confirmed, I look forward to working with Secretary Herrington in carrying out President Reagan's goals.

There are three main areas of duties and responsibilities of this Office. The first includes the advisory activities for the Secretary of Energy relating to technical aspects of the research and development programs that the Department manages. The second is the oversight of the administration of the Department's multipurpose laboratories, excluding the nuclear weapons laboratories. The third includes those activities associated with the management of and responsibility for the programs of research and development funded through the Office of Energy Research.

Although the time remaining in this Administration is short, I believe these activities are important and that continuing attention to the scientific component, in particular, is essential to maintaining the direction and vitality of a crucial national resource. This resource, engaged in the collective pursuit of energy related research and development, comprises national laboratories, universities, and industry. In addition to direct grant support for these institutions, this Office uniquely sponsors large scale facilities for the joint uses of universities, national laboratories and industry.

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The programmatic areas of direct responsibility of the Office of Energy Research are high energy physics, nuclear physics, basic energy science, applied mathematics and computational science, magnetic fusion, and health and environmental research. Also, university and education programs are implemented through this Office. These research programs managed by the Office of Energy Research provide important basic scientific knowledge that contributes significantly to the Department's energy goals. In addition, the research programs of this Office make essential contributions to broad areas of research and science education that extend well beyond the immediate needs and goals of the Department of Energy. I believe strongly that the knowledge, personnel, and technology flowing from these programs should be effectively applied wherever needed, whether for the development of national energy policy, in the commercial sector, or for national security. From my personal knowledge of these programs for many years, they are characterized by a high degree of scientific and technical excellence and serve the Nation well. I will dedicate myself to guiding these programs to help insure their continued excellence.

It is my opinion that the future energy security of our country will increasingly depend on scientific knowledge of methods of providing energy and the associated environmental and societal impacts. The Department of Energy is engaged in developing new technologies, improving old, and investigating the consequences of all types of energy generation. As the population and energy demands of this country and, indeed, the world increase, it is essential that we consider the environmental and health effects of the various energy options. We must support the research

necessary to make sound scientific judgments on our energy options that will allow us to correctly balance environmental and health concerns against the need for energy. This role is critical to the future of our society.

My formal training is in Physics (B.S. Stanford 1967, Ph.D University of California Irvine 1981). I have worked in the private sector in industrial research laboratories (Maxwell Laboratories, 1973-1978; Western Research Corporation, 1978-1988). In addition, I have worked in Government laboratories (United States Air Force 1968-1972) and with the national laboratories on a continuing basis.

I am honored to appear before your Committee and represent the President and Department of Energy for consideration as Director of Energy Research. The work of the Department of Energy has an important role in assuring the national well-being. In order to discharge my responsibilities and to insure that the Department fulfills its mission, I will work closely with Congress.

The CHAIRMAN. Thank you very much, Mr. Hunter. You do, indeed, have a very outstanding background, particularly in the research area for which you are being nominated. I share with Senator Domenici his view about the importance of science as a DOE initiative and of course as the R&D Assistant Secretary, you will be the one directing that. Although time is relatively short in this Administration, there are many important decisions to be made and I am sure you will be equal to that task.

Just for the record, I understand that you are not involved in any of the investigations going on with the defense industries, but you do have a background in that and just for the record I would like to give you the opportunity to say that you are not involved in those investigations.

Mr. HUNTER. No, sir, neither the companies for which I previously worked, nor myself, personally, am I in any fashion, to the best of my knowledge, involved in those investigations.

The CHAIRMAN. Ms. Fitzpatrick, over a year ago you testified on S. 1382, the Federal Energy Management Improvement Act. This Act would have no cost to the Federal Government and CBO estimates it would save $250 million of taxpayer dollars by 1992.

In your testimony at that time you reserved judgment on the bill pending further analysis. Can you give us advice now as to your position or the Administration's position on that bill.

Miss FITZPATRICK. Mr. Chairman, this is the bill that was just recently passed by the Congress, I believe, Federal Energy Management Improvement Act. I had forgotten the bill number.

The CHAIRMAN. Passed by the House.

Miss FITZPATRICK. Yes.

The CHAIRMAN. It is pending here in the Senate.

Miss FITZPATRICK. If we are talking about the same bill, as I recall, we had some reservations about certain aspects of the bill, but the bill, as it stands now, has some things that would be helpful, we think, to the Federal agencies. For example, it allows the Secretary to set a more realistic discount rate and allows more realistic calculation of life cycle costs for calculating the economic advantages of making certain kinds of energy efficiency improvements.

It also removes what had been a requirement to do mandatory retrofits on Federal buildings and most of which, quite possibly, could have been uneconomic. That is, it is simply an across the board due to retrofits without an analysis.

However, it also contains a mandatory 10 percent goal for improving, for reducing energy consumption in Federal buildings. That, we find, is not really justified because it has no analysis to back it up. For the same reasons it was good to remove the other mandatory requirement, it is not especially helpful to have this one.

However, two of the Federal agencies which use the great bulk of energy in the Federal Government, that is the Department of Defense and the Department of Energy, have already adopted 10 percent goals for energy reduction.

So, on balance, the bill is probably helpful to us. There are some things we would rather not see, but on balance, I think it would be helpful.

The CHAIRMAN. Part of energy conservation, of course, is the insulation program, funded with the oil overcharge money as well as additional appropriations to the Department. Have you done any performance auditing, at all, or do you have a view of the efficiency with which that program is carried out and its effect upon energy conservation.

Miss FITZPATRICK. Yes, that program consists of grants from the Federal Government to the individual states and the states are then responsible for administering the program with Federal regulations.

We have done studies on the improvements to energy efficiency of buildings that are weatherized, for example, and also, that is for low income homes. We have also done some studies on the effectiveness of steps taken to improve the energy use of schools and hospitals and other institutions.

In general, it is a good investment.

The CHAIRMAN. Let my ask you: You say you have done the studies on the effect of energy conservation in homes.

Miss FITZPATRICK. yes.

The CHAIRMAN. Is that in a model home before and after or is that to pick at random, for example, programs and go out and audit the performance of how state aid has enacted this program and what it has saved and how good they have done?

Miss FITZPATRICK. The latter. The actual homes weatherized in the Weatherization Program.

The CHAIRMAN. How have you picked the homes? Have they been at random?

Miss FITZPATRICK. I would have to supply that answer for the record; the exact method used in the study. In general, you do get an improvement in energy efficiency. It is a good investment.

Surprisingly enough, the improvement is not usually as great as the energy engineers had predicted it would be. Apparently, this is because you have to recall that we are very often, usually working with low income people. What they do is buy more comfort. For example, if you insulate a home so that the furnace is now better able to heat the home, they can now afford to raise the thermostat from maybe 62 degrees to 68 degrees. So they may use just as much energy as they did before or almost as much, but they can now afford to live in a what is a more comfortable or even for elderly people, especially, a more healthful environment.

The CHAIRMAN. How would you possibly know what their thermostat setting is?

Miss FITZPATRICK. You go back and ask them. We were surprised to find that we didn't get always the energy savings we wanted or expected. This seems to be an effect that occurs quite often. If you give people more efficient appliances, they don't necessarily use less energy or as much less energy as you thought they would, they buy more service, in effect, with their savings.

The CHAIRMAN. One of my concerns with that program is that it is very difficult to audit and that there has been very little performance evaluation. that is not necessarily your fault, it is just the nature of things. It is very difficult to go in and see how each home has performed. I wouldn't think that you would do a random sample as they do in a poll.

Miss FITZPATRICK. Yes.

The CHAIRMAN. We know that energy conservation works, in the retrofits of homes. I have been concerned about the delivery system of that. You recall that we got into the business of having energy doctors with utilities and that ended up not being very effective. I wonder whether or not you think it is effective. Of course those who profit by it say it is effective, that they are doing a great job.

Miss FITZPATRICK. There is no doubt that that kind of thing sometimes goes on. There is also a great deal of disappointmnet with some of the energy and residential conservation service-type programs that were mandated by the Federal Government because they didn't seem to fit local needs and circumstances, and there was a very important response to them from consumers. Those are the programs that were usually administered by utility companies.

There is no doubt that, as in everything else, there are people who acquire a vested interest in activities and they wish you to think that they are more successful than an objective analysis would lead you to believe. I think the Weatherization Program, by and large, is a service. I just wish to point out that it is not necessarily saving energy in every instance, at least as much as you thought. It may be performing a service to people who need something.

The CHAIRMAN. How much did you think it would save?

Miss FITZPATRICK. We generally find that we can reduce the energy consumption of a weatherized home, by about 14 percent.

The CHAIRMAN. 14 percent?

Miss FITZPATRICK. Right.

The CHAIRMAN. That is what you thought or that's what——

Miss FITZPATRICK. That is the real savings, but some of the things that are done, for example, adding insulation, caulking, weather-strip, put in storm windows, clean the furnace, that kind of thing. Those should give you savings in the 20 to 25 percent range. Then we had to look for what happened to the missing 10 percent and it seems to be going to comfort.

The CHAIRMAN. What kind of audit did you do to get those figures?

Miss FITZPATRICK. This was a study that was carried out several years ago and I can supply the Committee with it.

The CHAIRMAN. Would you?

Miss FITZPATRICK. Yes.

The CHAIRMAN. I am very interested in that program to see whether we can come up with a better delivery system or not. Do you know how they pick towns? I mean one town gets it, one individual gets it and one doesn't?

Miss FITZPATRICK. Every city, town, county in the state is eligible for it. It is usually administered by local community action projects and organizations and there are thousands of those across the country. I would be happy to supply information on that to the Committee and I would also be very happy to work with you to examine whether there are more efficient or effective ways of delivering the program. We are always looking for that.

The CHAIRMAN. You might give that information to us. I would like to take a look at it. Senator McClure?

Let me say, excuse me, Senator Wirth, if you wouldn't mind presiding, I must go and I know you have many good questions on energy conservation. I am sorry, I am not going to be here to hear those answers to them, but if you wouldn't mind presiding.

Senator WIRTH. Absolutely.

The CHAIRMAN. Thank you.

Senator MCCLURE. Thank you very much, Mr. Chairman. I will be very brief.

Mr. Hunter, I notice that you may have to recuse yourself with respect to any matters in which Maxwell Laboratories has any ties. Do you anticipate that that will be extensive or will that conflict be very slight?

Mr. HUNTER. Sir, there was a small amount of Maxwell Laboratory stock which I had acquired, I believe, in 1973 or 1974 which I agreed to sell in order to prevent any possible conflict of interest there.

I have placed an order to sell that stock roughly a week ago and was informed that according to the company, I didn't own the stock. I had a certificate with a transfer on the back, a certificate made out in another person's name from whom I bought it. Apparently, the stockbroker said that she had not asked to have it transferred. She had asked the company to transfer it when I first bought it, but they had not done so, and some years later she had sold the stock again. So I was not the owner of record of this stock, it represents all my Maxwell Laboratory interests and at the moment. I do not believe that I have any stocks; I don't think I have any conflict of interest at all, sir.

Senator MCCLURE. I am sorry to hear that. [Laughter.]

I guess you are, too. Well, in the event that there were, does Maxwell Laboratories have extensive dealings with the Department of Energy or the Federal Government?

Mr. HUNTER. I was informed by the Department of Energy Ethics Counsel that I dealt with, that they did not have extensive dealings with the Department and were not considered an energy contractor and, in fact, initially that was the reason that the sale was delayed.

They do, however, in terms of their overall business, have very extensive dealings with the Federal Government and are substantially—a substantial fraction of their business emanates, in one form or another, from the Government and to some extent from the Department of Energy activities.

Senator MCCLURE. Thank you very much.

Secretary Fitzpatrick, you have given this Committee the benefit of your advice and knowledge over a number of years. I don't want to go back over all of that, but I want to ask one rather general question and ask you if you have either a general answer or can supply it for the record and that is with respect to the overall savings of energy consumption which conservation can yield.

We recently had some hearings on Greenhouse Effect and again, we heard some some of the scientists who testified in that hearing that they believe it is easily attainable or at least attainable, perhaps I should strike the word "easily." In many areas we could use 50 percent as much energy as we use today without adversely affecting either the economy or GNP. Do you have a comment or

could you supply a comment for the record with respect to the accuracy of that statement from your standpoint?

Miss FITZPATRICK. Senator, our studies indicate that since about 1973, we have reduced our energy consumption in the United States by about 27 quads. If we use 75 quads, we would be using about 27 quads more. That is more than—about 35 percent more than we presently use if we had continued our practices in energy consumption trends that were in effect through 1973.

Some of that savings is due to a certain amount of restructuring in the economy, reduction in some of the basic size of some of the basic industries. About half of it, about 15, 16 quads is due to real savings in efficiency improvements. We think that if we fully utilized presently available technologies and had reasonable success in the research that we are conducting on energy efficiency technologies, we could save another 16 quads per year.

Senator MCCLURE. 15?

Miss FITZPATRICK. 16, 15, 16 quads per year by say, 2010. Now, we get those figures from a number of studies that we have asked to have done and some that have been done independently. So, to answer your question, we have done quite a bit. We could do quite a bit more.

Now, on the Greenhouse Effect, we have also taken a look at what contribution increased energy efficiency or conservation could make to reducing the amount of greenhouse gases that we are putting into the atmosphere.

So far our figures indicate that you can certainly reduce the number of gases. You could not reach some of the goals that have been suggested as appropriate for reducing those gases, such as a 25 or a 50 percent reduction in our emissions simply by using energy conservation; that is, maintaining the productivity and growth rate of the economy but doing it with less energy.

Senator MCCLURE. Do you have a single report that embraces those studies?

Miss FITZPATRICK. Our Office of Energy Research does have some figures on that and I would be happy to supply it to the Committee, yes.

Senator MCCLURE. Would you please do that?

Miss FITZPATRICK. Yes.

Senator MCCLURE. Of the 16 quads that you identify as possible savings, you said part is from presently available technology and part is from research that you have reasonable expectations will pay off?

Miss FITZPATRICK. Yes.

Senator MCCLURE. Could you divide between those two categories?

Miss FITZPATRICK. I will try to do that for the record.

[The information follows:]

The attached draft contractor report provides some preliminary information on the technical feasibility of reducing U.S. CO2 emissions. This report is preliminary and is subject to revision.

Preliminary estimates looking at 6 previous energy conservation potential studies show savings ranging between 10 and 25 quads. Generally we estimate that approximately 1/3rd of the savings shown result from market penetration of existing technologies and the remainder from new technologies currently under development by DOE and the private sector.

DRAFT

TECHNICAL FEASIBILITY OF REDUCING U.S. CO_2 EMISSIONS IN THE PERIOD FROM 1995 TO 2010

SUMMARY

PNL(Ashton, Edmonds), BNL(Cheng, Steinberg), ORNL(Marland)

Objective: To assess the technical feasibility and consequences of reducing U.S. CO_2 emissions from 1985 levels by 10, 25 or 50 percent by either the year 1995 or 2010. Two methods of CO_2 emissions reduction were considered:

- o Energy efficiency improvements/conservation
- o Substitution of natural gas for coal.

Conclusions:

- o **It is not possible to improve energy efficiency enough to reduce U.S. CO_2 emissions by 50% (from 1985 levels) by either 1995 or 2010.** Reductions of CO_2 emissions by 10% (from 1985 levels) appear feasible, but the achievement of these goals requires government intervention in the market.

- o **The achievement of even the 10% reduction target requires restructuring U.S. energy production.** The NEPP 2010 forecast of gas and coal use alone exceeds the 10% emissions reduction target. (10% reduction target = 1.13 billion tonnes of carbon (btC), NEPP 2010 forecast emissions from oil and coal 1.48 btC, percent reduction from NEPP 2010 forecast (1.7 btC) necessary to meet 10% reduction target = 35%.)

- o **The limited natural gas resource base makes it impossible for the substitution of conventional natural gas for coal to provide more than a marginal contribution toward even the 10% emissions reduction target.** This is despite the fact that natural gas combustion yields approximately half the CO_2 of coal combustion. Depending on whether prices of gas and coal remained at 1984 levels or rise to levels forecast by NEPP, the enforced substitution of natural gas for coal in boilers would cost between 8 and 48 billion (1984) dollars per year. The substitution of natural gas for oil is a fiscally more attractive option (oil is more expensive than coal, and close to natural gas in price). But oil has a lower CO_2 emission coefficient than coal. Gas substitution for oil would reduce potential CO_2 emissions by less than 10% of that required to meet the 10% CO_2 emission reduction target.

- o **If the U.S. acted alone to hold emissions to 1985 levels, anticipated global emissions would be reduced by no more than 7% in the period 1995 to 2010.** Even achieving the 50% reduction target for U.S. emissions would reduce anticipated global emissions by less than 15% without concurrent efforts by other nations.

Background: CO_2 is a product of burning fossil fuels (oil, gas and coal). The control of CO_2 emissions would require control of energy production and use. Energy production and use is the dominant source of global CO_2 emissions amounting to 5.3 btC. U.S. emissions were 1.25 btC in 1985. National Energy Policy Plan (NEPP) projections show total U.S. emissions rising 38% by 2010 to 1.7 btC.

Distribution of U.S. 1985 and NEPP 2010 Forecast CO_2 Emissions by Sector and Fuel

Fuel	1985	2010	Sector	1985	2010
Oil	**45%**	34%	Residential/		
Gas	20%	14%	Commercial	13%	10%
Coal	35%	**52%**	Industrial	20%	19%
			Transport	**32%**	**25%**
			Utilities	**35%**	**44%**

Approach: Five assessment tasks were performed.

- o A reference forecast was developed from NEPP.

- o CO_2 emissions reduction targets were established based on 1985 emissions rates:

Percentage Reduction	Maximum U.S. CO_2 Emission	CO_2 Reduction from NEPP 2010 Forecast (1.7 btC) to Meet Emissions Target
0%	1.25 btC	28%
10%	1.13 btC	35%
25%	0.94 btC	46%
50%	0.63 btC	64%

- o Conservation potential studies were examined to see what energy efficiency improvements are feasible at current and anticipated energy technologies and prices. Studies included the Office of Energy Conservation annual plan, the forthcoming ERAB report on U.S. energy competitiveness, the NEPP, and a World Resources Institute study of energy efficiency improvements for the year 2020. In addition, an analysis of recent energy efficiency trends and independent engineering studies of potential energy efficiency improvements were conducted in transportation and utilities by BNL.

- o U.S. energy production implications of meeting these targets were examined.

- o The potential for CO_2 emissions reductions through the substitution of natural gas for coal was studied by examining potential natural gas availability and the cost of coal and natural gas as industrial fuels.

An earlier, DOE sponsored study, showed that year 2050 forecast U.S. emissions of 3.4 btC could be reduced to 1.5 btC. This required universal adoption of best available technologies to achieve the 56% reduction (59% worldwide). Further, reductions, to as little as 1.2 btC, were achieved through the accelerated substitution of nuclear and solar electric power for fossil generated electricity (a 65% U.S. emissions reduction and 68% worldwide). Only with these further reductions are 1985 emissions levels reached. These results are consistent with the conclusion of the present study that a 50 percent reduction of CO_2 emissions from 1985 levels by either the year 1995 or 2010 is not possible.

03/18/88

Senator MCCLURE. If you would. Thank you very much, Mr. Chairman.

Senator WIRTH. Thank you Senator McClure. Senator Domenici?

Senator DOMENICI. Thank you very much, Mr. Chairman. I have run out of time myself, so I am only going to be able to ask a couple of questions. But might I, for the record, indicate that I wholeheartedly agree with Senator McClure's evaluation and statement with regard to you, Mr. Salgado. I, frankly, believe you have done, under very difficult circumstances, and these are difficult in terms of budgetary times and in terms of quick transition as far as science and technology is going through tremendously rapid changes. I think you have done a very good job in the Department and while I tend to think we ought to be doing more in the fields that I have addressed here today, and that you are fully aware of, I certainly will vote, aye, for your promotion here and on the floor and think you deserve it.

I would say the same, frankly, about you, Ms. Fitzpatrick, with reference to your job. I think you have done a very good job. I could be angry with you actually and say I am going to hold up your confirmation because we are not making much headway in a couple of areas, but I think overall-wise, the area that you have been charged with administering, you have also done a very good job.

I would just like to tell you with reference to Senate bill 1480, the first point I would like to make is that this bill and the ideas contained within it did not come from the National Laboratories and I hope that within the Department there is talk that perhaps our lab directors are the promoters of trying to make the changes.

I would just tell you as long ago as a year and 7 months, I had about 30 of what I perceive to be America's leading scientists, business people. Only two of those are related to the laboratories and the general consensus of that group was that we must make all of the national laboratories more responsive to the private sector and to academia in our quest to move science into the marketplace more rapidly as a nation. So it was not them, but we must call on them in hearings to tell us how well they are doing or where the bottlenecks are.

I think we now have a growing consensus that Senate bill 1480, which will be modified for the 20th time in the next few days, that is as far as we are going to go and then we will ask the Committee to help us. We will give you those changes one more time and we truly hope, although it is growing dim, that you would end up supporting it. Frankly, we believe you won't. We give you an A for effort, but within your department, we think there are some who just would not like to see very much autonomy on the part of the labs and I think everywhere we turn, they find some reason that we shouldn't create autonomy and more user friendliness for the American private sector. I can't solve that problem. Some of them, within the Department, give you a difficult time when you want to make changes.

But frankly, I believe it has come full circle now and we cannot just continue to rely upon the discretion of the Department with reference to a bit more autonomy, to expediting patents, to expediting some of the software that we have to get out there into the

marketplace, expediting some simple basic contracts with the private sector so that we don't have it all coming up here. I just wanted to let you know that we really hope that you can give us your evaluation.

But frankly, I am going to ask the Committee to move ahead within the next couple of weeks. I would like you to know that and I want to tell you that here, that even if you oppose it, I am going to ask them to do it. I don't know if I will win or not, but I have a sneaking hunch with all the co-sponsors who seem to like it, that we might. So I urge that you get on the team.

Having said that, I want to again compliment you on your work and perhaps you might want to respond for a few minutes with reference to what I have described. They don't know what we are talking about out there, but I think the Committee and the staff do here. It is a very detailed bill and we have drawn it and redrawn it and you have seen it and reseen it and we are not going any further, I don't think, beyond what we are giving you tomorrow.

Miss FITZPATRICK. I appreciate your position Senator and I also certainly appreciate what you are trying to do and I know that we agree on some of the obstacles that we all face. Your leadership has really helped the Department to focus on this area and some things we have been able to accomplish already, administratively, with our present authorities and we would hope to continue to do that, and as I have said before, we certainly hope that we can arrive at a constructive agreement on the legislation.

Senator DOMENICI. I thank you very much.

Senator WIRTH. Thank you very much, Senator Domenici.

Secretary Fitzpatrick, we have heard a lot of testimony in this Committee about the issue of global warming, but not heard any perspective from the Administration, not because there hasn't been one, but because I don't think you have been formally asked for the Administration's reaction to the scientific evidence, the Administration's position as to what we, as a government, ought to be doing. I wanted to give you a few minutes today to perhaps react to that as I suspect a person in the Department of Energy might have thought about this as much more than anybody else.

Miss FITZPATRICK. Senator, it certainly is a growing issue and it certainly impacts fundamentally on our use of energy since most of the greenhouse gases are produced by energy consumption. As I just mentioned to Senator McClure, we have been taking a look at this. We are doing some data collection, some projections, global climate models, to try to determine what the impact of the gases presently in the atmosphere will be in the future and to try to project what will happen if certain trends continue in the emission of those gases, and we will be supplying that to the Committee.

I know it is a question that is being discussed with the Administration and there has also already been some legislation directing agencies to get together and form a committee and that is being done.

I think we will certainly have to be working very closely with the Congress, first to assess the real situation. There are still some scientists who are arguing about how far can you project and how much, with how much certainty can you attach to some of these projections, but I don't think anybody is saying it is something we

should simply ignore. We are going to have to address it and ask some very hard questions.

Senator WIRTH. Given the nature of the evidence, it seems to me that I was suggesting, in my question to Mr. Salgado about the global warming factor, there is some Greenhouse Effect of some kind or another. Given that evidence, how is the Department responding to that? How are you organizing or reorganizing your research and development efforts? You suggested earlier that there is a problem. What else are you doing? You suggested earlier that you were responding to fill requests to put together some kind of committee, looking at your research pattern, looking at the development pattern.

Miss FITZPATRICK. Yes. And I don't know everything that is going on in the Department and I think probably the time is coming when we should take a look at that, at all aspects of our activities that affect, that could be affected by it. In the Office of Conservation and Renewable Energy, we have been taking a look at how much of a contribution increased conservation could make for alleviating the problem and what effect certain of those various renewable technologies have on either deviating it or possibly contributing to it.

Senator WIRTH. I would think that there might be some kind of fuel.

Miss FITZPATRICK. The use of biofuels for example, which are very promising, would add more CO_2 to the atmosphere and therefore we have to consider whether they might be deleterious.

Senator WIRTH. What kinds of overall response do you think the Department would put together in moving on into this? The time has come for the Department to be pulling together its efforts or defining the strategy. What do you think the Department should be doing?

Miss FITZPATRICK. I think the first thing we should do is try to put together as honest a data set as we can on what are the real facts that have to be considered, what kinds of gases, how much gases, what kinds of temperature changes, and what degree of certainty can be attached to the projections that are being made. That is a very serious question and I heard scientists discussing it and there is actually some disagreement on and how real the effect is and how severe could it possibly be and there has to be some hard questions asked on the story. That is the first step.

Senator WIRTH. On the margin there might be some differences as to how severe it is, but I don't think there is very much disagreement now that there is going to be some kind of an impact, is there, not enough to say that we shouldn't be doing anything in the Department, but rather looking at the evidence?

Miss FITZPATRICK. I think that we have to look at the evidence and what it is and let the scientific process of debating and let the experts hash it out for a little bit. But at the same time, you don't have to say that that means that there is an open question on whether there is some problem or the potential for some problem. I don't know that there is anybody who simply dismisses the question.

Senator WIRTH. If we wait for the evidence to be in absolutely, then we can conduct one experiment, that is about all.

Miss FITZPATRICK. No. I think you can't—that's right. It is a little risky to wait until 2050 and see if the temperature has gone up four degrees. We don't want to do that.

However, if we are going to make rational decisions about what steps should be taken at what cost to reduce the emission of greenhouse gasses, then we should know, at least place some reasonable bounds on what the effects might be and to have some idea of what the probabilities of various effects, projections really are.

Senator WIRTH. Having a discussion, there have been hearings on this, discussions about this for years and years and you are suggesting that it might do this and we ought to do that. Tell me what it is that you think you will be doing. What kind of a project, what kind of an analysis would you, when confirmed, will you ask the Department to put together. Would you pull together the various office heads and say this is what we are doing or would you pull together—what are the unanswered questions, what kind of research strategy are we pursuing, might we contribute this. I mean, you tell me, it is your job, not mine.

Miss FITZPATRICK. I would ask the Office of Energy Research first, to give us a compendium of the studies that have been made, to tell us what is accepted, and what is available now in the literature of what scientists are saying on the issue.

I would then ask them: what are the next questions to ask or are we finished asking questions? Is it time now to start identifying actions that can be taken with presently available technology or do we need to develop new technologies if we decide that there is a problem and we need to begin to act on it.

The issue is going to be one that will be solved not simply by the United States. It is growing into an obvious international issue. It is one that everyone is concerned with. The use of fossil fuels, which is the major source of greenhouse gasses, is growing not so much in the industrialized world, but in the less-developed countries.

We have some serious problems with respect to asking them to limit their use of fuels which would mean limiting their economic development. We also have serious problems on the forestation issues. Clearing forests to produce arable land, for example, and increase food supplies and economic development has an effect on the greenhouse situation because it reduces the amount of forests that are available to take CO_2 out of the atmosphere.

Senator WIRTH. I think we are all familiar with generally the parameters of that. What I am curious about is, how does a government agency begin to organize itself to look toward the future? If we can describe the problem, then it seems to me it is your responsibility with the various resources available at the Department of Energy, to start to hone in, maybe a little more specifically, on answers to the "what if" questions that you are raising. What if this is the case, then how might we begin to think of responding. What might the costs be or how might we work in an international area.

Is it, in fact, the case that economic development in the third world is as overdependent on such overwhelming energy use as fundamentally assumed, or might we find that they are going to be following a different kind of path that doesn't require such dramat-

ic inputs of energy as we have found out and that you have pointed out in your testimony, have been done since 1973.

What legacy, put it in my Salgado term, what legacy are you going to leave for the next Administration coming in? What kind of a package or a set of initiatives or set of programs are you are going to leave behind you for them?

Miss FITZPATRICK. As I mentioned, there is an interagency group that is being formed that will have to assign the responsibilities among the agencies.

We have already mentioned some that would obviously go with the State Department; USAID, for example. We would have to assign responsibility to the Department of Energy to determine what increases in energy efficiency could be utilized or what new technologies are needed.

NASA is very active in this area. They have a certain amount of expertise as does the Department of Commerce in weather and global projections.

I think we have to bring the resources of the Federal Government across a number of agencies to bear on it and also the private sector is going to have to get involved. After all, they use most of the energy.

Senator WIRTH. Let's get back, at the risk of beating this horse some more, we are talking about the interagency thing, it is interagency cooperation and you said earlier you were doing that at the response, in response to the Congress.

Miss FITZPATRICK. Yes.

Senator WIRTH. That we had asked you to do it. What are you all doing? Maybe we ought to figure out how to design for you all to get back to us the best strategy that the Administration can suggest.

Maybe we ought to lay on to you that requirement to go sit down with all you office chiefs and bureau chiefs and the best people around and say, okay, given what we know now, this is a strategy that we think we ought to be pursuing in terms of the unanswered questions that you are talking about, in terms of what are the conservation responses, what might be the alternative energy responses, what might be the international responses, what might be the reforestation responses.

Do you see what I mean?

Miss FITZPATRICK. Yes, I understand.

Senator WIRTH. Maybe there ought to be something that is quite more specific than "well maybe." "Well maybe's" kind of drift off and the next Administration is going to be coming in and saying, well, what do we have here, what kind of resources are available?

I would like to see that next Administration walk in the door and see at least the beginning of a kind of a templet for action, if, in fact, the problem is as serious as most of the testimony that we have had in this Committee suggests that it is.

Miss FITZPATRICK. Yes, I agree that that should be the first job of the interagency task force, just to collect what data is already available, to lay out what questions reasonably need still to be answered and to begin the process of making action suggestions. Some might require legislation. Others might require immediate

action by agencies within their present authorities and information to the public will also be very important.

Senator WIRTH. Tell me what DOE is going to do. What are you going to do if you are confirmed to this job? What are you going to do? What direction do you think the Department ought to be given in this direction?

Miss FITZPATRICK. I think the Department should have a leading role on an interagency task force. I think the Department should demand that everyone face the questions that are raised by the evidence that we have in hand. I think we should insist that when recommendations are made for action, that we understand exactly who is going to be—what the costs will be and what the real effects might be.

It is not going to be an easy thing to change the emissons trend. It is going to cost us something and we didn't know what it will cost. And I think we need to insist that people be rigorously honest in their analysis of the scientific data and that they should be honest when they don't know and we should seek the data that we need to get.

Senator WIRTH. We will get back to you. Obviously, I am not getting anywhere in terms of trying to elicit from you the sense that you all have really thought, maybe it is not as important as I think it is, that you all have thought about this and are mobilizing the resources at the Department which are very significant. I can think of a number of items.

Mr. Salgado mentioned earlier clean coal technology in response to my question about global warming. From what I understand of the science and chemistry of this, probably one of the worst things to do is clean coal technology in terms of the kind of emissions and the impact that that can have on global warming, not dissimilar from what you were saying related to various biofuels. Isn't that correct?

Miss FITZPATRICK. That's true with regards to the kind of emissions produced by coal; however, the clean coal technology program is demonstrating technologies that burn coal more efficiently, reducing emissions.

Senator WIRTH. It seems to me that we have a significant conflict right here. The first thing that Mr. Salgado talked about was let's do clean coal. Well, I think clean coal is probably, on a scale of 1 to 10, clean coal is about a zero if you are really concerned about global warming.

It seems to me that we ought to be in a position to ask you all to do significantly better than this. I can think of other things. You have an Office of CO_2 Research, isn't that right, that reports to you, Mr. Hunter?

Mr. HUNTER. If I'm confirmed, sir, it reports to me. [Laughter.]

Senator WIRTH. There is such an office?

Mr. HUNTER. Yes, ther is CO_2 office.

Senator WIRTH. I assume you know about that, confirmed or not confirmed. Shouldn't that office, maybe it shouldn't, be doing research on other trace gasses, looking at methane, look at nitgrogen oxide, whatever the nitrogen compounds are that are contributing to this and so on? Should we be saying, okay, the Office of CO_2 Research ought to be looking at this, as well. Maybe it is.

It would seem to me that there are a variety of very specific initiatives that you ought to be thinking of undertaking.

Miss FITZPATRICK. Yes.

Senator WIRTH. And not to be saying to us we are going to set up an interagency task force which I think exists anyway. I am not beating up on you, Miss Fitzpatrick, I just think that there ought to be a sense, if this problem is as significant and severe as the overwhelming evidence in front of this Committee has suggested, as scientists all over the country and all over the word are suggesting, we ought to have a Department of Energy that is doing a lot more than just saying we are going to have an interagency task force, which is effectively what you have been saying to us today and maybe we will think about resolving some of the scientific questions that are out there.

I would think that Secretary Herrington would have pulled everybody together, you would pull everybody together, and say okay, what do we do now, where do we go, how do we focus the resources that we have available.

Maybe you have done that, I have not gotten a response that I have understood, other than you are saying we are going to set up an interagency task force. Maybe I am slow and don't understand this, but maybe what we ought to do is give you an opportunity to come back to us for the record, I mean we could be here forever, but come back sometime for the record and say one, whether you think that global warming requires some kind of a bigger response from the agency other than the interagency task force. Maybe that is what you are telling us, that it doesn't require anything more than that. I don't think that you really believe that.

Miss FITZPATRICK. No.

Senator WIRTH. Then that you would come back and say to us this is a severe problem and this is what we are doing and this is how our resources can contribute to a better understanding of and maybe we starting to move on the problem.

Miss FITZPATRICK. I fully agree with you, Senator Wirth, and I hope you didn't—I must not have made myself clear in talking about what I thought an interagency task force should do. It should do exactly what you described.

Senator WIRTH. I was a bureaucrat at HEW and I remember interagency task forces which I suspect can't have gotten any worse than they were in the late 1960s.

Miss FITZPATRICK. There is no doubt an interagency task force can be used to bury an issue forever and I would certainly think that this should not be that.

Senator WIRTH. In the turf battles, we apparently have turf battles on the Hill related to who has global warming. Maybe the issue is going to come to you that interior is going to say it is their issue, and EPA will say it is their issue, and the Department of Energy will say it is their issue and I would hope that you all would mobilize and start moving on this. I think the greatest concern is an energy one right off the bat and that is the one that you ought to be moving on.

Why don't we do this. Why don't we ask you, let's get together and design a letter that we will send down to you all to elicit a response as to what this Administration does think about global

warming, and second, what you and this department plan to do about this, other than set up an interagency task force. Let's do that.

Miss FITZPATRICK. Fair enough, Senator. Yes.

Senator WIRTH. There being no other members here, let me do this. Let me ask you, if I might, why don't you do this? Why don't you draft for us the letter you would like us to send to you. Okay? Let's make it as easy on the Department as we can.

What kind of a letter would you like us to send to you, soliciting from you, one, what does the Administration think about global warming? Is it serious enough to suggest a reaction other than an interagency task force.

If, in fact, it is a serious problem, what is the Department of Energy with you having, as I understand it, responsibility for most of the areas that would impinge upon a reaction to global warming. What are you planning to do other than an interagency task force?

What are you planning to do within the Department to mobilize those resources from the clean coal non-option that Mr. Salgado mentioned to the Office of CO_2 Research? I am going to give you the opportunity for the record to expunge that from the record if you would like, Mr. Salgado, or do whatever you want. Why don't you do that? Our record is going to be open until 6:00 on Wednesday, the record of this Committee. Why don't we ask you by 6:00 on Wednesday to get back to us. Could you do that?

Miss FITZPATRICK. Yes.

Senator WIRTH. That is a nice friendly way of doing it. Okay? Why don't you get back to us with the letter you would like us to send to you. If you could get that to Mr. Harvey. Would you do that? What letter would you like us to send to you, soliciting what kind of a response to the committee so that you are on the record saying this is what we think the problem is and this is what we are planning to do about it right now. I think that would be a reasonable way of doing it and we won't do any more of this circular pursuit of the interagency task force. Okay? Does that make sense?

Miss FITZPATRICK. That's fine.

Senator WIRTH. Let's give Mr. Salgado the closing words to expunge from the record his suggestion of clean coal as the solution to global warming. Mr. Salgado? Maybe you don't want to, and then we have got a real deal going here at the Department of Energy. [Laughter.]

Mr. SALGADO. No. We are not going home yet.

Senator WIRTH. Can't I go home? I want to go home. [Laughter.]

Mr. SALGADO. You are right about the approach that needs to be taken, but at the same time, I don't think you can poo-poo the fact of the interagency task force. It is going to be important. You ask for an administration position that has to come out of the interagency task force, you are well aware, No. 1. The second part of it is——

Senator WIRTH. But if you are a department, a responsible Department of Energy, you don't have to, unless you want to bury the issue, unless you think that global warming doesn't deserve any response at this time, Mr. Salgado, you can go ahead and say that. That is essentially what I am hearing you say over and over and over again.

Mr. SALGADO. No you are not, if you want the Department of Energy's response to this issue——

Senator WIRTH. That's right.

Mr. SALGADO. But that is different than the Administration's response.

Senator WIRTH. Let's put it this way. Why don't you give us the Department of Energy's response as to why clean coal is going to help global warming.

Mr. SALGADO. Well, no, I will tell you why clean coal is going to be important merely because of the fact at the same time we are dealing with global warming, we are dealing with the acid rain situation at the same time. But essentially, well, you are right, we are moving forward. There are turf issues involved on this interagency proposal, there is a wealth of information there that does need to be collated and assimilated from various components, not only the Department of Energy but from EPA and other places to that effect. But we will respond, No. 1, to what we should be doing in the Department, and also of moving forward within the interagency group on how we move within the Executive Branch and present a comprehensive program that crosscuts these other agencies.

Senator WIRTH. I think Mr. Hunter has a responsibility in this, as well, if he is confirmed and if he finds out about the Office of CO_2 Research, right, assuming all of those things happen, Mr. Hunter, then to be looking at the research that is going on and how might we be recasting that and refocusing that to begin to think about dealing with the global warming problem.

One of the problems that Mr. Salgado has raised right there is on the one hand trying to figure out how to deal with an acid rain situation in the short term, which a lot of people believe is simply a preface to global warming. The book on global warming is out here and acid rain is over here and how are you going to reconcile those two? That is going to be a very tough issue for us, and for us all to be looking at and you are very familiar with the resounding politics of that issue, as well, as people in West Virginia remind me from time to time. We look forward to that.

Miss FITZPATRICK. Thank you, Senator.

Senator WIRTH. Do you want to say anything, Mr. Hunter? When confirmed, we will hear from you, right?

Mr. HUNTER. Let me make one comment, Senator. There is the acid rain work which, in terms of the evaluation of the heating, and the local climatology I think will be very valuable. In becoming acquainted with the programs of the Department, I think that there is a good base which can emerge from that and also from the supercomputing area to let us give you the best possible projections of the consequences of the warming that you see.

Senator WIRTH. We will look forward to hearing from you. In closing, we say that we are leaving the record open until 6:00 Wednesday for the submission of questions by members of the Committee. And we are leaving it open until 6:00 on Wednesday for submission of the letter from Secretary Fitzpatrick that you would like to receive from the Committee. Right? All in agreement?

Miss FITZPATRICK. Yes.

Senator WIRTH. No questions about that at all?

Miss FITZPATRICK. Asking for the Department's position.

Senator WIRTH. The Department's position, that's right.

Thank you all very much for being here. Good luck to all of you, delighted to have you here. Mr. Hunter, look forward to your finding your way around, if confirmed.

Mr. HUNTER. Thank you.

Senator WIRTH. Thank you all very much. The hearing is now adjourned.

[Whereupon, at 4 p.m. the hearing adjourned.]

APPENDIXES

APPENDIX I

Informational Statements of the Nominees

JOSEPH F. SALGADO

1702 Mason Hill Drive
Alexandria, Virginia 22307

Home: (703) 765-7545
Office: (202) 586-6476

PROFESSIONAL HISTORY

Under Secretary of Energy
U. S. Department of Energy, Washington, D. C. 1985 - PRESENT

(Presidential Appointment, U. S. Senate Confirmed)

Department's Chief Executive and Operating Officer with direct line responsibility for administration of $14.1 billion in operations in Fiscal Year 1988. Includes key role in major Administration energy and national security policy decisions ranging from basic research and energy technology development to defense production to energy business enterprises. Responsible for strategic planning and direction of the Nation's nuclear materials and weapons production complex, eight regional operations offices, five National Laboratories, major high technology facilities and Strategic Petroleum Reserve -- representing a total workforce of 130,000 employees.

Associate Director For Presidential Personnel
The White House, Washington, D. C. 1983 - 1985

Responsible for Presidential and Schedule C appointments at the Departments of Energy, State and Defense; the Nuclear Regulatory Commission; the Federal Energy Regulatory Administration; and the Council on Environmental Quality, as well as Presidential and Ambassadorial appointments and the selection of Delegations representing the President of the United States at various international events.

Associate Commissioner for Enforcement 1982 - 1983
U.S. Department of Justice, Immigration and Naturalization Service
Washington, D. C.

Manage all enforcement programs and activities of INS, with overall planning and policy responsibility for 5,000 staff, including over 2,000 uniformed agents, and a budget in excess of $220 million, including aircraft and sophisticated electronic equipment. Direct five major divisions (Border Patrol, Investigations, Detention and Deportation, Intelligence, and Anti-Smuggling) through Assistant Commissioners.

Deputy District Attorney/Senior Trial Attorney 1973 - 1981
Office of the District Attorney, County of Alameda, California

Held overall responsibility for training, evaluation, and personnel management for over 125 attorneys. Directed recruitment and staffing. Managed felony and misdemeanor task forces. Over ten years experience in trial litigation and criminal prosecution. Appointed to the District Attorney's personal staff, with broad responsibility for strategic planning, policy formulation and program implementation.

Sergeant of Police 1966 - 1973
Oakland Police Department, Oakland, California

Advanced from patrol to supervisory responsibilities. Investigated serious felonies; instructed at the Policy Recruit Academy. Coordinated and deployed staff during major disorders, airline hijackings, and hostage situations.

Instructor/Adjunct Professor

Criminal Law, San Francisco Law School (1975-1981)
Homicide Investigation, San Jose State University (1977-1981)
Criminal Law/Administration of Justice, Gavilan College (1973-1975)

EDUCATION

Juris Docto 1972
San Francisco Law School, California

Bachelor of Scienc 1968
University of San Francisco

MEMBERSHIPS

American Society for Public Administration • American Bar Association • California Bar Association • California District Attorneys Association • Hispanic National Bar Association

UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Salgado (LAST) Joseph (FIRST) Frank (OTHER)

Position to which nominated: Deputy Secretary U.S. Department of Energy

Date of nomination:

Date of birth: 10 (DAY) January (MONTH) 1943 (YEAR) Place of birth: San Diego, California

Marital status: Unmarried Full name of spouse: N/A

Name and ages of children: None

Education:

Institution	Dates attended	Degrees received	Dates of degrees
O'Dea High School	1957-1961	Diploma	5/1961
University of San Francisco	1961-1967	B.S.	6/2/68
San Francisco Law School	1968-1972	J.D.	3/6/72

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

See attached sheet.

Employment record—Continued

See attached sheet.

Military service: Describe any military service not listed above, including dates, rank, and type of discharge.

None

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement. 45th Basic Recruitment Class Valedictorian - Oakland Police Department

AM-JUR Award - Criminal Procedure, 1970, San Francisco Law School

AM-JUR Award - Evidence, 1972, San Francisco Law School

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates	Office held (if any)
Oakland Police Officer's Widows and Orphan Fund	1974-Present	None
California State Bar Association	1974-Present	None
American Bar Association	74-75 and 82-83	None
International Association Chief's of Police	1982-Present	None
National Hispanic Bar Association	1983-84	None
Oakland Police Officer Association, Oakland, CA	1966-73	None

Published writings:

List the titles, publishers and dates of any books, articles, or reports you have written.

None

Future employment relationships:

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

Not Applicable

2. Do you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization?

No I do not.

3. Has a commitment for employment after you leave government been made to you by anyone? Have you made any such commitment?

a) No

b) No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Not Applicable

Future employment relationships—Continued

(b) If you have been appointed for an indefinite term, are there any known limitations on your willingness or ability to serve for the foreseeable future?

I know of no limitation.

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

None

3. Are you currently a party to any legal action? If so, describe its nature and status.

See attached form

4. Have you ever declared bankruptcy? If so, describe the circumstances.

No

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

Yes. As a result of two seperate audits, one in 1968, I paid the IRS approximately $150 and in 1981 the IRS paid me approximately $120 refund.

Potential conflicts of interest:

1. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

2. Describe any business relationship, dealing or financial transaction (other than taxpaying) that you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, which might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

3. Describe any lobbying activity which you have performed during the past 10 years with respect to legislative or administrative actions at the Federal, State or local level.

None

4. Have you been informed of the conflict of interest laws and regulations applicable to the position to which you have been nominated?

Yes

Potential conflicts of interest—Continued

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to this form and the attachments thereto. Attach a statement of the appropriate agency ethics official explaining the applicable laws or regulations, any potential conflicts, and the action required to resolve such conflicts.

I know of no conflict of interest or the potential for any conflict of interest.

6. Explain how you will resolve any potential conflicts of interest that may arise in the future if you are confirmed for the position for which you have been nominated.

I would seek counsel from the Department of Energy's Ethics Division in the General Counsel's Office and follow their guidance to avoid any real or perceived conflict of interest.

Public disclosure: Do you have any objections to this form and the attachments thereto being made public?

No

AFFIDAVIT

District of Columbia

I, Joseph F. Salgado JFS, being duly sworn, hereby state that I have read the foregoing Statement for Completion by Presidential Nominees, including all attachments thereto, and that the information provided therein is, to the best of my knowledge and belief, current, accurate, and complete.

(Signature of Nominee)

Subscribed and sworn to before me this 14th day of June, 1988

Notary Public

My Commission Expires November 14, 1989

Form approved by the Committee February 5, 1985.

U.S. GOVERNMENT PRINTING OFFICE: 1987—67-074

JOSEPH F. SALGADO

EMPLOYMENT RECORD

5-22-85 TO PRESENT	Under Secretary, Chief Operating Office of the United States Department of Energy, Washington, D.C.
2-19-85 TO 5-22-85	Transition Coordinator, United States Department of Energy*, Washington, D.C. Assist Secretary Herrington in the transition upon his confirmation as Secretary of Energy.
8-15-83 TO 2-85	Associate Director, Presidential Personnel, the White House*, Washington, D.C. Responsible for the selection and recommendation of non-career appointees for the administration in energy related and national security areas.
1-82 TO 8-83	Associate Commissioner for Enforcement, Immigration and Naturalization Service, Department of Justice, Washington, D.C. Overall responsibility for planning, directing, and managing all enforcement activities and programs throughout the Immigration and Naturalization Service.
2-73 TO 1-82	Senior Trial Attorney and Deputy District Attorney, County of Alameda, Oakland, California. Responsible for policy formulation and implementation for county-wide programs. Supervised (deputy) felony and misdemeanor task forces. Extensive experience as a trial attorney.
8-66 TO 1-73	Police Officer/Sergeant of Police, Patrolman and plainclothes juvenile officer. When promoted to Sergeant, street supervisor for law enforcement officers.
1975-1981	Law Instructor, San Francisco Law School, San Francisco, California. Taught criminal law and lectured at San Jose State University.

* Detailed from the Department of Justice.

Pending Litigation to Which Joseph F. Salgado is a Party

Case Name	Nature of Action	Current Status
Joy Adams, et al., v. United States Department of Energy, et al., D.D.C. C.A. No. 87-3299-CFO	Tort litigation against the government and a number of DOE officers and employees for allegedly conspiring to violate the rights of whistleblowers.	Complaint filed December 7, 1987. Justice Department is representing all defendants. Dispositive motion scheduled to be filed on June 21, 1988.
F. Clark Huffman, et al., v. Western Nuclear, Inc., et al., S. Ct. No. 87-645	Challenge to DOE policy permitting enrichment of foreign uranium.	Case under submission in the Supreme Court, with oral argument having been conducted April 27, 1988.

DOE F 1325.8
(12-84)

United States Government | Department of Energy

memorandum

DATE: JUN 17 1988

REPLY TO ATTN OF: GC-43

SUBJECT: Statement of Agency Ethics Official for Senate Committee

TO: Joseph F. Salgado

This memorandum is intended to serve as a statement from the designated agency ethics official for this Department, as required by question 5, page 6, of the Statement for Completion by Presidential Nominees that you are submitting to the United States Senate Committee on Energy and Natural Resources in connection with your nomination for the position of Deputy Secretary. I have reviewed your Standard Form 278 (Financial Disclosure Report) dated April 27, 1988, and have certified that the information contained therein discloses no conflict of interest under applicable laws and regulations. */

As a supervisory employee of the Department, you are prohibited by section 602(a) of the DOE Organization Act (Pub. L. 95-91) from knowingly receiving compensation from, holding any official relation with, or having any pecuniary interest in any energy concern. The term "energy concern" is defined in section 601(b) of the Act as any entity "significantly engaged in the business" of any of a variety of activities related to energy production, distribution, sale, or research and development, or any entity significantly engaged in such research and development pursuant to a DOE-funded program irrespective of whether it otherwise engages in such business. The term also includes any entity holding an interest in property from which an energy resource is commercially produced or obtained.

In addition, section 208, title 18, United States Code, prohibits you from participating personally and substantially, as a Government employee, in any particular matter in which, to your knowledge, you have or your spouse, minor child, partner, organization in which you are serving as officer, director, trustee, partner, or employee, or any person or organization

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*/ Section 201(b) of the Ethics in Government Act (Pub. L. 95-521) requires the income and honoraria information on your form to be updated within five days before the date of the Committee hearing to consider your nomination.

with whom you are negotiating or have any arrangement concerning prospective employment has, a financial interest. Accordingly, you should avoid participation in any particular matter the outcome of which could have a direct and predictable effect on any such financial interests.

Please let me know if I can be of further assistance.

Ralph D. Goldenberg
Assistant General Counsel
for General Law

SF 278 (Rev. 1/87)
Filed Under Title
U.S. Office of Personal Management

Financial Disclosure Report

Form Approved
OMB No. 3209-0002

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
[X] Incumbent	[X] New Entrant, Nominee, or Candidate [ ] Termination Filer	JUN 17 1988		3/85	

	Last Name	First Name and Middle Initial
Reporting Individual's Name	Salgado	Joseph F.
Position for Which Filing	Title of Position: Deputy ~~Under~~ Secretary	Department or Agency (If Applicable): Department of Energy
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 1000 Independence AVE, SW, RM 7A235	Telephone No. (Include Area Code): 202/568-6476
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: ~~None~~ Under Secretary 3/85 to present	RJJ 6/17/88

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Senate Committee on Energy & Natural Resources	Do You Intend to Create a Qualified Diversified Trust? [ ] Yes [X] No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.		4/27/88
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Roger D. Jorgenberg	6/17/88
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A (except for BLOCK D), C, and D. (Candidates do not file Part II of Schedule D.

- **Schedule A**—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I (Liabilities)**—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II (Agreements and Arrangements)**—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

Mr. Salgado has advised that the information disclosed on this form is current as of today, June 17, 1988 RJJ

(Check box if comments are continued on the reverse side) [ ]

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278-1/0

NSN 7540-01-070-9444

JUN 17 1988

Form Approved
OMB No. 3209-0007

SF 278 (Rev. 1/87)
Part Chapter 735
U.S. Office of Personnel Management

Reporting Individual's Name	Assets and Income	Page Number	Schedule
Salgado, Joseph F.		2	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets	BLOCK C Income																						BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)	Type of Income (X)							Other (Specify Type)	Category of Amount of Income (X)									Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Sched. B Part I for those assets (including those sold) for a loss.	
	None (or less than $1001) / $1,001-$15,000 / $15,001-$50,000 / $50,001-$100,000 / $100,001-$250,000 / Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust		None (or less than $101) / $101-$1,000 / $1,001-$2,500 / $2,501-$5,000 / $5,001-$15,000 / $15,001-$50,000 / $50,001-$100,000 / Over $100,000										YES	NO
S or DC — Examples: X Y Z Common; Doe Jones & Smith, Hometown, USA	X	X							ptnrship income			X						$80,000		X	
1 424 Bellevue AVE Rental Oakland , CA Property	X		X													X						X
2 950 Bollinger Canyon RD Moraga, CA RENTAL PROPERTY	X		X												X							X
3 Home Savings of America	X			X									X									
4 Placerville, CA UNIMPROVED Parcel #327: 02-05 LAND	X									X												X
5 Cash Management*	X			X									X									
6 ~~A~~ Pace Fund**	X	X[1]			X[2] (604)						X[2]	X[1]									X	
7 Templeton World Fund**	X	X											X								X	
8 Merrill Lynch Gov't Sec,	X			X									X								X	
9 Merrill Lynch (Money Mkt) Acc't # 749-30906 *																						
10 Mutual Funds #749-3096 Merrill Lynch **																						

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278-210

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SF 278 (Rev. 1/87)
FPM Chapter 735
U.S. Office of Personnel Management

JUN 17 [illegible]

Form Approved
OMB No. 3209-0002

Page Number	3	Schedule B

Reporting Individual's Name

Salgado

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Example	Identification of Assets	Type of Transaction (X) Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (X) $1,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	Over $250,000
	X	X Y Z Common	X			2/1/83		X			
1		American Capital Pace (mutual Fund)		X		3/31/88 6/17/88	X				
2		Templeton World (Mutual Fund)	X			3/31/88 6/17/88	X				
3		Government Securities Merrill Lynch	X			3/31/88 6/17/88		X			
4											
5											
6											

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or **less** when aggregating them for the total from one source. **See** instructions for further exclusions.

NONE ☐

	Example	Source (Name and Address)	Brief Description	Value
8	Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/16/83	$500
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1		NONE		
2				
3				
4				
5				
6				

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278-100

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SF 278 (Rev. 1/87)
FPM Chapter 734
U.S. Office of Personnel Management

JUN 17 1988

Form Approved
OMB No. 3209-0002

Reporting Individual's Name	Page Number		Schedule C
Salgado, Joseph F.		4	

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X)				
						$10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Example: First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	20 yrs.			X		
	Example: John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
1	Home Savings Department 05051, Los Angeles, CA	Promissory Note, 8.5%-AML 40 YRS	approx 1981	8.5	40 yrs				X	
2	Home Savings Department 05051, Los Angeles, CA	Promissory Note, 9.5%-AML 30 YRS	1986	9.5	40 yrs				X	
3										
4										
5										
6										

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example:	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/78 prtnrship agmt.
	NONE		

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278-199

SF 278 (Rev. 1/87)
FPM Chapter 734
U.S. Office of Personnel Management

JUN 17 1988

Form Approved
OMB No. 3209-00

Reporting Individual's Name	Page Number	Schedule
Salgado, Joseph F.	5	D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Non profit education	President	6/82	6/83
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/78	11/83
NONE					

Part II
Compensation In Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

	Source (Name and Address)	Brief Description of Duties
Examples:	Doe Jones & Smith, Hometown, USA	Legal services
	Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction
NONE		

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278-108

DONNA R. FITZPATRICK

Residence:
4393 Embassy Park Drive, N.W.
Washington, D.C. 20016
(202)966-3397

Office:
U.S. Department of Energy
Washington, D.C. 20585
(202)586-9220

Birthdate: May 9, 1948 Health: Excellent

Education: 1980, J.D., George Washington University
1972, B.A., Physics, cum laude, American University

Employment:

1985 to Present	Assistant Secretary for Conservation and Renewable Energy
1984-1985	Principal Deputy Assistant Secretary for Conservation and Renewable Energy
1983-1984	Sole practitioner, general practice of law; consultant to Secretary and Under Secretary, U.S. Department of Energy.
1980-1983	Associate attorney, O'Connor & Hannan, practicing in the fields of real estate, taxation, business organization, wills, and probate administration.
1980	Office of the President Elect, Member of the Transition Team for the National Science Foundation.
1976-1980	Legal assistant, O'Connor & Hannan. Duties included coordination of public and private interests in a 50 acre, $400 million redevelopment project in Washington, D.C., requiring extensive work with city and federal agencies, the Congress, and the D.C. Council for financing, planning, removal of unnecessary governmental barriers to private investment, and cooperation between public and private sectors; civil litigation (personal injury, contracts, property rights); real estate transactions and financing; taxation; and business organization.
1974-1976	Faculty member, Academy of the Sacred Heart, Bloomfield Hills, Michigan. Taught chemistry, physical science, calculus, analytic geometry, algebra, probability and statistics, astronomy, and computer programming.
1972-1974	Faculty member, Georgetown Visitation Preparatory School, Washington, D.C. Taught algebra, chemistry, and astronomy.

Interests: Science, history, politics, economics, outdoor sports, classical music, and travel.

UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: FITZPATRICK (LAST) DONNA (FIRST) (OTHER)

Position to which nominated: Under Secretary of Energy Date of nomination:

Date of birth: 09 (DAY) 05 (MONTH) 48 (YEAR) Place of birth: Washington, DC

Marital status: Single Full name of spouse: N/A

Name and ages of children N/A

Education:

Institution	Dates attended	Degrees received	Dates of degrees
American University Washington, DC	1968-72	BA (Physics)	1972
National Law Center Geo. Wash. University Washington, DC	1976-80	JD	1980

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

1. Faculty Member, Georgetown Visitation Prep. School. Wash., DC Taught chemistry and mathematics, 1972-74
2. Faculty Member, Academy of the Sacred Heart, Bloomfield Hills, MI Taught chemistry, mathematics, physical science, 1974-76
3. Legal Assistant, O'Connor & Hannan, Washington, DC, 1976-1980
4. Associate Attorney, O'Connor & Hannan, Washington, DC, 1980-1983
5. Attorney, sole practitioner, Washington, DC, 1983-84
6. Consultant, U.S. Department of Energy, Washington, DC, 1983-84
7. Principal Deputy Assistant Secretary, U.S. Department of Energy, 01/84-12/85 (Office of Conservation and Renewable Energy)
8. Acting Assistant Secretary, Office of Conservation and Renewable Energy, 03/85-12/85
9. Assistant Secretary, Office of Conservation and Renewable Energy, 12/85-Present
10. Associate Under Secretary, U.S. Department of Energy, 05/88-Prese

Employment record—Continued

Military service: Describe any military service not listed above, including dates, rank, and type of discharge.

NONE

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

NONE

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates	Office held (if any)
American Bar Association	1980-1986	None
DC Bar Association	1980-Present	None
Embassy Park Homeowners' Association, Inc.	1980-Present	Director & VP 1982-85
American Security Council	1983-Present	None
George Washington University Alumni Assoc.	1980-Present	None
Georgetown Visitation Alumnae Assoc.	1966-Present	Endowment Fund Chairman, 1982-85
Georgetown Visitation Prep School Advisory Board	1986-Present	Member
Nat'l Children's Choir Board of Directors	1986-1987	Member

Published writings:

List the titles, publishers and dates of any books, articles, or reports you have written.

The Third Stage, Crisis Magazine, May, 1988

Future employment relationships:

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

Same employer

2. Do you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization?

No

3. Has a commitment for employment after you leave government been made to you by anyone? Have you made any such commitment?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

N/A

Future employment relationships—Continued

(b) If you have been appointed for an indefinite term, are there any known limitations on your willingness or ability to serve for the foreseeable future?

No

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

None

3. Are you currently a party to any legal action? If so, describe its nature and status.

No

4. Have you ever declared bankruptcy? If so, describe the circumstances.

No

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No

Potential conflicts of interest:

1. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

2. Describe any business relationship, dealing or financial transaction (other than taxpaying) that you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, which might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

3. Describe any lobbying activity which you have performed during the past 10 years with respect to legislative or administrative actions at the Federal, State or local level.

From 1977 to 1982, as an employee of O'Connor & Hannan, I participated in representation of the Capitol Gateway Corp. before the Departments of Transportation, Interior, and Housing and Urban Development, the Senate Appropriations Committee, the District of Columbia Council and the DC Departments of Community Development & Transportation, in connection with an urban development project in the District.

4. Have you been informed of the conflict of interest laws and regulations applicable to the position to which you have been nominated?

Yes

Potential conflicts of interest—Continued

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to this form and the attachments thereto. Attach a statement of the appropriate agency ethics official explaining the applicable laws or regulations, any potential conflicts, and the action required to resolve such conflicts.

I will abide by the advice of the Office of the General Counsel.

6. Explain how you will resolve any potential conflicts of interest that may arise in the future if you are confirmed for the position for which you have been nominated.

I would abide by the advice of the Office of the General Counsel.

Public disclosure: Do you have any objections to this form and the attachments thereto being made public?

No

AFFIDAVIT

District of Columbia) ss

I, Donna R. Fitzpatrick, being duly sworn, hereby state that I have read the foregoing Statement for Completion by Presidential Nominees, including all attachments thereto, and that the information provided therein is, to the best of my knowledge and belief, current, accurate, and complete.

Donna R. Fitzpatrick
(Signature of Nominee)

Subscribed and sworn to before me this 14th day of June, 19 88

Cheryl D. Gerrington
Notary Public

My Commission Expires November 14, 1989

Form approved by the Committee February 5, 1985.

U.S. GOVERNMENT PRINTING OFFICE 1987—67-074

United States Government — Department of Energy

memorandum

DATE: JUN 17 1988

REPLY TO ATTN OF: GC-43

SUBJECT: Statement of Agency Ethics Official for Senate Committee

TO: Donna R. Fitzpatrick

This memorandum is intended to serve as a statement from the designated agency ethics official for this Department, as required by question 5, page 6, of the Statement for Completion by Presidential Nominees that you are submitting to the United States Senate Committee on Energy and Natural Resources in connection with your nomination for the position of Under Secretary. I have reviewed your Standard Form 278 (Financial Disclosure Report) dated April 29, 1988, and have certified that the information contained therein discloses no conflict of interest under applicable laws and regulations. */

As a supervisory employee of the Department, you are prohibited by section 602(a) of the DOE Organization Act (Pub. L. 95-91) from knowingly receiving compensation from, holding any official relation with, or having any pecuniary interest in any energy concern. The term "energy concern" is defined in section 601(b) of the Act as any entity "significantly engaged in the business" of any of a variety of activities related to energy production, distribution, sale, or research and development, or any entity significantly engaged in such research and development pursuant to a DOE-funded program irrespective of whether it otherwise engages in such business. The term also includes any entity holding an interest in property from which an energy resource is commercially produced or obtained.

In addition, section 208, title 18, United States Code, prohibits you from participating personally and substantially, as a Government employee, in any particular matter in which, to your knowledge, you have or your spouse, minor child, partner, organization in which you are serving as officer, director, trustee, partner, or employee, or any person or organization

---

*/ Section 201(b) of the Ethics in Government Act (Pub. L. 95-521) requires the income and honoraria information on your form to be updated within five days before the date of the Committee hearing to consider your nomination.

with whom you are negotiating or have any arrangement concerning prospective employment has, a financial interest. Accordingly, you should avoid participation in any particular matter the outcome of which could have a direct and predictable effect on any such financial interests.

Please let me know if I can be of further assistance.

Ralph D. Goldenberg
Assistant General Counsel
for General Law

Financial Disclosure Report

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate ☐ Termination Filer	JUN 17 1988			
Reporting Individual's Name	Last Name: FITZPATRICK	First Name and Middle Initial: DONNA R.			
Position for Which Filing	Title of Position: Under Secretary	Department or Agency (If Applicable): Energy			
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 1000 Independence Ave., S.W. Washington DC 20585		Telephone No. (Include Area Code)		
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: Assistant Secretary, Conservation and Renewable Energy Dec. 20, 1985 - Present				

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	Energy and Natural Resources	☐ Yes ☒ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Donna R. Fitzpatrick	4/29/88
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations	Signature: Roger D. Zaremberg	6/17/88
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Comments of Reviewing Official (If additional space is required, use the reverse side of this sheet)

Ms. Fitzpatrick has advised that the information disclosed on this form is current as of today, June 17, 1988. RDZ

(Check box if comments are continued on the reverse side) ☐

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for Income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

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JUN 17 1988

Reporting Individual's Name	Assets and Income	Page Number	2	Schedule A
DONNA R. FITZPATRICK				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real estate, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

	BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets								BLOCK C Income															BLOCK D Transactions Test	
	Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)								Type of Income (X)							Category of Amount of Income (X)										If yes, complete Schd. B Part I for these assets including those sold for a loss	
		None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
S or DC	Exemption: XYZ Common			X				X									X									X
	Doe Jones & Smith, Hometown, USA		X											ptnrshp income									$50,000			
1	Money Market Account Citicorp Savings				X					X							X									
2	IRA National Bank of Washington			X						X						X										
3	IRA Citicorp Savings (CD)		X							X					X											
4	IRA Citicorp Savings (CD)			X						X							X									
5	IRA Citicorp Savings (CD)		X							X						X										
6	IRA Kemper U.S. Gov't Securities Fund		X					X			X					X										
7	Keogh Acct Citicorp Savings	X								X					X											
8																										
9																										
10																										

PREVIOUS EDITION USABLE

278-208

SF 278 (Rev. 1/83)
5 CFR Chapter XIV
U.S. Office of Personal Management

JAN 17 1984

Form Approved
OMB No. 3209-0007

Reporting Individual's Name
DONNA R. FITZPATRICK

Page Number	3	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

S or DC	Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)					
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	Over $250,000
Example	XYZ Common	X			2/1/83			X			
1											
2											
3											
4											
5											
6											

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

S	Source (Name and Address)	Brief Description	Value
Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$600
Example	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$126
1			
2			
3			
4			
5			
6			

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JUN 17 1988

Reporting Individual's Name: DONNA R. FITZPATRICK

Page Number	4	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value ($)				
							$10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Exam ples	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs.			X		
		John Jones, 123 J St., Washington, DC	Promissory note	1978	10%	on demand	X				
1		Great North Mountain, Inc. The Pines, Busye, Va. (general partnership int.)	Promissory note, secured by time share in condominium	1981	18%	10 yr	X				
2											
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☒

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/78 pship agmnt.

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SF 278 (Rev. 1/88)
FPM Chapter 73
U.S. Office of Personnel Management

JUN 17 1988

Form Approved
OMB No. 3209-0002

Reporting Individual's Name
DONNA R. FITZPATRICK

Page Number	5	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature. NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples: Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/83	6/83
Doe Jones & Smith, Hometown, USA	Law firm	Partner	[redacted]	[redacted]
Georgetown Visitation Preparatory School	Educational, non-profit	Member, Advisory Board	5/86	Present
National Children's Choir	Educational, non-profit	Member, Board of Directors	9/86	12/87

Part II
Compensation in Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source. NONE ☒

Source (Name and Address)	Brief Description of Duties
Examples: Doe Jones & Smith, Hometown, USA	Legal services
Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction

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RESUME

ROBERT OLIN HUNTER, JR.

Birthdate and Place:	1 November 1946 Riverside, California
Address:	5836 Waverly Avenue La Jolla, CA 92037
Home Telephone:	(619) 454-9446
Current Position:	Nominee for Director of Energy Research Department of Energy
Business Telephone:	(202) 586-5434

Family Information:

Wife:	Becky Vasiliki Hunter
Children:	Christine Vasiliki, born 7 September 1976 Alexandra Nichole, born 14 November 1980 Nicholas Spero, born 6 May 1984

Education:

B.S. Physics, Stanford University (1967)

Ph.D, Plasma Physics, University of California, Irvine (1981)

ROBERT OLIN HUNTER, JR.

October 1978 - February 1988: President, Western Research Corporation San Diego, California

October 1978 - April 1988: Chairman of the Board, Western Research Corporation

Founded Western Research Corporation (WRC) in order to pursue development of large scale lasers for energy and defense applications. The company has grown from 1 to 80 people and is now largely devoted to defense research and development. For energy application (in 1979) invented a method called optical pulse compression of KrF lasers that is the basis for providing the large energies necessary for inertial confinement fusion (laser fusion) at low cost. Designed and built the world's largest excimer laser for Los Alamos National Laboratory.

For the defense application, applied Raman scattering for beam combination and beam cleanup. These techniques were experimentally demonstrated in obtaining a near diffraction limited output at the 1 joule level in 1982 and the 200 joule level in 1985 and are the basis for scaling lasers to the very large energies required for the Strategic Defense Initiative (SDI). Performed both theoretical analyses and experimental work in the course of these activities. In 1985 the world's largest XeCl laser was activated at WRC for SDI research. The fastest adaptive optic was developed at WRC for the adaptive optics involved in the Strategic Defense Initiative. In April 1988, Western Research Corporation was sold to Thermo Electron Corporation

February 1982 - February 1985: Member, White House Science Council

As a member of the White House Science Council, participated in the studies and policy formulation relating to basic reseach, national industrial policy, defense policy and other areas. Was particularly involved in defense aspects as a member of the panel assessing requirements for nuclear weapons material production and a member of the panel evaluating advanced technologies for new weapon systems. Participated in studying the long-term vitality of our national laboratories, and the future of engineering education. Involved in both pre and post SDI discussions of role of defense and pace of developent.

September 1974 - June 1981: Student, University of California, Irvine
Obtained Ph.D

While working in industry, obtained a Ph.D in Theoretical Plasma Physics. My thesis dealt with certain optical scattering phenomena in the sun's interior: a major problem in experimental physics has been the discrepancy between observed and predicted fluxes of neutrinos emitted by the sun. Developed a model for the effect of shield cloud fluctuations on the photo-ionization cross section of high Z elements as it affects radiation transport. Analytic field theory calculations were utilized to estimate the size of the effect and identify other scattering phenomena of interest to the intermediate coupling regions characteristic of the solar interior. My advisor was Professor Norman Rostoker. Received a Fannie and John Hertz Foundation Fellowship.

April 1973 - September 1978: Staff Scientist, Maxwell Laboratories
San Diego, California

Served as the Head of the Laser Program and Leader of Team B, a group of four aerospace companies developing large visible and ultraviolet lasers for the Defense Advanced Research Projects Agency (DARPA). Work performed in my group included the largest rare gas halide (350 joules at 2500 Å with 8% efficiency from KrF in 1976) and vacuum ultraviolet laser (8 joules at 1700 Å with 3% efficiency from Xe_2^* in 1974) built, as well as the first measurements of the Group VI lasers. Also engaged in work on ion beam generation, carbon dioxide laser systems, and fast switching. A principal participant in the discovery (obtained laser with coworkers at 1260 Å in argon) and development of vacuum ultraviolet rare gas excimer lasers, the ultraviolet rare gas halide lasers, and the mercury halide visible lasers. Inventor of electron beam controlled switching. Also involved in the discovery and kinetic analysis of several other lasers.

March 1970 - October 1972: Laser Physicist, Air Force Weapons Laboratory
Kirtland Air Force Base, New Mexico

Performed duties in threee main areas of laser technology, invention, and development. Also responsible for system analysis of electric lasers, and power systems analysis and programmatic direction. Led a group that designed and constructed high pressure electron beam sustained CO_2 and CO lasers. This included first U.S. operation of a 10 atmosphere CO_2 laser and a 4 atmosphere, room temperature CO laser (1972). Received U.S.A.F. Scientific Achievement Award for this work. Invented and designed with Los Alamos National Laboratory personnel the multi-aperture electron beam sustained gometry that later became the basis for both DoD and DOE large scale gas lasers. Performed system assessment for electric lasers to go on board the Airborne Laser Laboratory. Directed work in high power airborne power supplies. Served as Lt., then Capt.

ROBERT OLIN HUNTER, JR.

March 1968 - March 1970: Nuclear Research Officer, Air Force Aero Propulsion Laboratory, Wright Patterson Air Force Base, Ohio

Was the project officer for power generation involving Magneto-hydrodynamic (MHD) generators for airborne applications, including direction of contractors and other government agencies. Performed long range analysis of methods of generation of large amount of power and initiated superconducting rotating machinery and other efforts. Served as Lt.

November 1967 - March 1968: Officer Trainee, United States Air Force Officer Training School, Lackland Air Force Base, Texas

Commissioned a Lieutnant in the U.S.A.F.

Served as Sgt.

REFERENCES

Dr. John S. Foster, Jr.
Executive Vice President
1 Space Park, MS E211044
Redondo Beach, CA 90278-1001

Mr. David Packard
Chairman of the Board
Hewlett-Packard Company
1501 Page Mill Road
Palo Alto, CA 94304

Dr. George A. Keyworth II
Director of Research
Hudson Institute
1045 31st Street, NW, #401
Washington, DC 20007

Dr. David H. Sowle
President
Mission Research Corporation
P.O. Drawer 719
Santa Barbara, CA 92102

Dr. Harold Agnew
GA Technologies, Inc.
P.O. Box 81608
San Diego, CA 92138

Dr. Sidney Drell
Stanford Linear Accelerator Center
P.O. Box 4349
Stanford, CA 94309

Dr. William Happer
Princeton University
Princeton, NJ

UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Hunter (LAST) Robert (FIRST) Olin (MIDDLE) Jr.

Position to which nominated: Director, Office of Energy Research Date of nomination: 25 May 1988

Date of birth: 01 (DAY) NOV (MONTH) 1946 (YEAR) Place of birth: Riverside, California

Marital status: Married Full name of spouse: Becky Christine Yianilos

Name and ages of children:
Christine Vasiliki 11
Alexandra Nicole 7
Nicholas Spero 4

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Rubidoux High School	1960-1963	H.S. Diploma	1963
Stanford University	1963-1967	B.S., Physics	1967
Ohio State University	1968-1969	--	--
Univ. of New Mexico	1970-1971	--	--
Univ. of California, Irvine	1974-1981	Ph.D., Physics	1981

Employment record

List below all positions held since college, including the title and description of job, name of employer, location, and dates.

Officer Trainee, United States Air Force, Lackland AFB, TX, 11/67-2/68

Nuclear Res. Office, United States Air Force, Wright Patterson AFB, OH 3/68-2/70

Laser Research Scientist, United States Air Force, Kirtland AFB, NM 3/70-9/72

Staff Scientist, Maxwell Laboratories, San Diego, CA 4/73-9/78

President, Western Research Corporation, San Diego, CA 10/78-2/88

Chairman of Board, Western Research Corporation 10/78-4/88

Consultant, Western Research Corporation 4/88 to Present

Consultant, Department of Energy, Washington, DC 6/87-1/88, 5/88 to Present

Employment record—Continued

Consultant, White House, Washington, DC 2/82 to Present

See Attachment 1 for full job description.

Military service: Describe any military service not listed above, including dates, rank, and type of discharge.

Rank as listed on Attachment 1.

Honorable Discharge - 1 Nov 1972, Captain

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Fannie and John Hertz Foundation Fellow

USAF Scientific Achievement Award

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates	Office held (if any)
White House Science Council	1982-1985	member
Young Republicans	1964-1966	member
SAE (college fraternity)	1965-1967	member

Published writings:

List the titles, publishers and dates of any books, articles, or reports you have written.

See Attachment 2. In addition, several patents and patent disclosures, government and company (both Maxwell and WRC) technical reports, and other technical conference presentations.

Future employment relationships:

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

Yes.

2. Do you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization?

No.

3. Has a commitment for employment after you leave government been made to you by anyone? Have you made any such commitment?

No, No.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Not applicable.

Future employment relationships—Continued

(b) If you have been appointed for an indefinite term, are there any known limitations on your willingness or ability to serve for the foreseeable future?

No.

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278)

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

None.

3. Are you currently a party to any legal action? If so, describe its nature and status.

No, however, I was involved with three cases (Pewitt, Felber, May) while at Western Research Corporation and am obligated to testify etc. with respect to these affairs. Please see attached summaries.

4. Have you ever declared bankruptcy? If so, describe the circumstances.

No.

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes, with the exception of this year, which is on extension.

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No.

Potential conflicts of interest:

1. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Ownership of Maxwell Laboratories stock.

2. Describe any business relationship, dealing or financial transaction (other than taxpaying) that you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, which might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None.

3. Describe any lobbying activity which you have performed during the past 10 years with respect to legislative or administrative actions at the Federal, State or local level.

Discussed technical and programmatic aspects of various defense problem with staff members and members of Congress either at their specific invitation or in response to instructions from officials of the Administration. Some of these discussions related directly to funding of projects for my company; the majority of them were completely unrelated to the company's business.

4. Have you been informed of the conflict of interest laws and regulations applicable to the position to which you have been nominated?

Yes.

Potential conflicts of interest—Continued

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to this form and the attachments thereto. Attach a statement of the appropriate agency ethics official explaining the applicable laws or regulations, any potential conflicts, and the action required to resolve such conflicts.

Sale of Maxwell Laboratories stock. Also, see answer to question 6

6. Explain how you will resolve any potential conflicts of interest that may arise in the future if you are confirmed for the position for which you have been nominated.

I intend to comply with all applicable conflict of interest laws and regulations and to abide by opinions of the Office of General Counsel of the Department of Energy with respect to conflict of interest questions. I will not participate as a Government employee, in any matter involving Western Research Corporation, (of which I was formerly the majority stockholder, president, and chairman of the board of directors) or Thermo Electron Corporation, which has recently purchased Western Research Corporation.

Public disclosure: Do you have any objections to this form and the attachments thereto being made public?

No

DISTRICT OF COLUMBIA } ss

AFFIDAVIT

I, Robert O. Hunter, Jr., being duly sworn, hereby state that I have read the foregoing Statement for Completion by Presidential Nominees, including all attachments thereto, and that the information provided therein is, to the best of my knowledge and belief, current, accurate, and complete.

Robert O. Hunter Jr.
(Signature of Nominee)

Subscribed and sworn to before me this 10th day of June 19 88

Notary Public

My Commission Expires November 14, 1989

Form approved by the Committee February 5, 1985.

U.S. GOVERNMENT PRINTING OFFICE: 1987—87-371

Attachment 1

ROBERT OLIN HUNTER, JR.

October 1978 - February 1988: President, Western Research Corporation
San Diego, California

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November 1967 - March 1968: Officer Trainee, United States Air Force Officer Training School, Lockland Air Force Base, Texas

Commissioned a Lieutnant in the U.S.A.F.

Served as Sgt.

Attachment 2

PUBLICATIONS

1. R. O. Hunter, G. Sullivan, W. Beggs, J. Benze,"Cold Cathode Electron Beam Sustained High Pressure CO_2 and CO Lasers," presented at XXV Gaseous Electronics Conference, London, Ontario, 17 October 1972. Bull. Amer. Phys. Soc. 18, 797 (1973).

2. S. R. Patterson, T. C. May, R. O. Hunter, and R. P. Kinkade, "Cold Cathode Electron Beam Sustained CO_2 Laser," 1973 Spring Meeting A.P.S. (April). Bull. Amer. Phys. Soc. 18, 685 (1973).

3. S. D. Rockwood, R. O. Hunter, "An Efficiency Threshold for CO Laser Operation," presented at XXV Gaseous Electronics Conference, London Ontario, 17 October 1972. Bull. Amer. Phys. Soc. 18, 795 (1973).

4. S. D. Rockwood, O. P. Judd, R. O. Hunter, "Kinetics for Population Inversion on the 557.7 nm O('S) → O('D) Transition in Atomic Oxygen," presented at 26th Gaseous Electronics Conference, Madison, WS. October 1973. Bull. Amer. Phys. Soc. 19, 153 (1974).

5. R. O. Hunter, J. Shannon, W. M. Hughes, "Scaling and Efficient Operation of the 1720 Å Xenon Laser," presented at 27th Gaseous Electronics Conference, Houston, Texas, 22-25 October 1974. Bull. Amer. Phys. Soc. 20, 238 (1975).

6. W. M. Hughes, R. O. Hunter, J. Shannon, "126.1 nm Molecular Ar Laser," Applied Physics Letts. 24, 488 (1974), also Los Alamos National Laboratory, New Mexico, Report LA-UR-74-525.

7. W. M. Hughes, R. O. Hunter, J. Shannon, "Efficient High Energy Density Molecular Xenon Laser," Appl. Phys. Letts. 25, 85 (1974), also Los Alamos National Laboratory, New Mexico, Report LA-UR-74-156.

8. R. O. Hunter, "Electron Beam Controlled Low Impedance Discharges," 27th Annual Gaseous Electronics Conference, Houston TX, October 1974. Bull. Amer. Phys. Soc. 20, 255 (1975).

9. R. O. Hunter, K. Fertl, J. Jansen, J. Oldenettel, "Fast Electron Beam Sustained Discharge Systems," Electro-Optics International Laser Conference, Anaheim, CA., November 1975.

10. W. M. Hughes, T. Olson, R. O. Hunter, Jr., "Determination of Ar-O 558 nm Laser Parameters," 1975 IEEE/OSA CLEA Meeting, Washington, DC, May 28-30, also Los Alamos National Laboratory, New Mexico, Report LA-UR-75-958.

11. R. O. Hunter, Jr., J. Oldenettel, "An Assessment of the Electron Beam and Discharge Technologies for High Pressure Gas Laser Pumping in Terms of Kinetics and Electrical Design," Proceedings of the Society of Photo-Optical Instrumentation Engineers, Volume 76, pp. 68-76, March 1976.

12. W. M. Hughes, N. T. Olson, R. O. Hunter, Jr., "Experiments on the 558 nm Ar-O Laser System," Applied Physics Letters 28, 81 (1976).

13. R. O. Hunter, Jr., "Electron Beam Controlled Switching," Proceedings First IEEE International Pulsed Power Conference, Lubbock, Texas, 9-11 November 1976.

14. R. O. Hunter, Jr., C. Howton, J. Oldenettel, "Large Scale Discharge Pumped Molecular Halogen Lasers," AIAA 15th Aerospace Sciences Meeting, Los Angeles, CA, Paper #77-26.

15. R. O. Hunter, Jr., J. Oldenettel, C. Howton, M. V. McCusker, "UV Absorptions of Rare Gas Ions in E-beam Pumped Rare Gases," presented at the 30th Gaseous Electronics Conference, Palo Alto, CA, 1977.

16. R. O. Hunter, Jr., J. Oldenettel, C. Howton, M. V. McCusker, "Gain Measurements at 4416 Å on ArXeF* and Kr_2F^*," J. Appl. Phys. 49, 549-52 (1978).

17. Kenneth Y. Tang, R. O. Hunter, Jr., J. Oldenettel, C. Howton, D. Huestis, D. Eckstrom, B. Perry, and M. McCusker, "Electron-beam-controlled Discharge HgCl* Laser," Appl. Phys. Lett. 32, 226-8 (1978).

18. R. O. Hunter, Jr., K. Y. Tang, "Mercury Halide Lasers," Paper 138-09, SPIE Technical Symposium, Washington, D.C., March, 1978.

19. K. Y. Tang, R. O. Hunter, J. Oldenettel, D. L. Heustis, "Laser Induced Chemiluminescence Study of HgCl (B → X) Transition: Formation, Radiation, and Quenching Processes," J. Chem. Phys. 70, 1492-6 (1979).

20. R. O. Hunter, Jr., J. Oldenettel, R. Scheps, "An Interferometric Technique for Transient Phase Shift Measurements in an Electron Beam Pumped Laser," Rev. Sci. Instrum. 50, 1054-61 (1979).

21. R.O. Hunter, J. Oldenettel, R. Scheps, "Transient Phase Shift Measurements in an Electron-Beam-Pumped XeF Laser," Paper 9.2 at the 1979 Conference on Laser Engineering and Applications (CLEA), Washington, DC.

22. R. O. Hunter, Jr., et al. "Key Technical Issues Associated with a Method of Pulse Compression," U.S. Dept. of Energy, HQ DOE, Washington, DC, DOE/DP/40107-2, June 1980.

23. R. O. Hunter, Jr., N. Pereira,"Accelerating Electrons with Transverse Cavity Modes," Jour. Appl. Phys., 52, 4950-2 (1981).

24. N. Pereira, R. O. Hunter, Jr., "Expansion of Electron Bunches," Physics of Fluids, 24, 2122-3 (1981).

25. R. O. Hunter, Jr., "Plasma Physics Aspects of the Solar Neutrino Problem," Thesis, University of California, Irvine, 1981.

26. R. O. Hunter, Jr., A. M. Hunter, II, "Bidirectional Amplification with Nonsaturable Absorption and Amplified Spontanteous Emission," IEEE Jour. of Quantum Electronics, QE-17, 1879-87 (1981).

27. K. Y. Tang, R. O. Hunter, Jr., D. L. Huestis, "Molecular Recombination in Laser Media II. Experimental Study of $NF_2 + F + Ne \rightarrow NF_3 + Ne$," J. Appl. Phys., 52, 6046-50 (1981).

28. R. O. Hunter, Jr., F. S. Felber, "A Concept for Energy-Storage Rings at 10-100 MJ," Jour. Appl. Phys. 53, 3961 (1982).

29. R. O. Hunter, Jr., F. S. Felber, P. Wilson, "Scaling Rf Linacs to High Currents," Conference Record of International Conference on Plasma Science (IEEE, Ottawa, Canada, 1982), p. 3.

30. R. O. Hunter, Jr. F. S. Felber, T. Tajima, "Magnetic Insulating Waves in Plasmas," Conference Record of International Conference on Plasma Science (IEEE, Ottawa, Canada, 1982), p 67.

31. R. O. Hunter, Jr., F. S. Felber, "Scaling of High Current Energy-Storage Rings," Conference Record of International Conference on Plasma Science (IEEE, Ottawa, Canada, 1982), p 78.

32. R. O. Hunter, Jr, F. S. Felber, P. Wilson, "Scaling Rf Linacs to High Currents," Proc. 1982 International Conference on Plasma Physics (Goteborg, Sweden, 1982), p. 259.

33. R. O. Hunter, Jr., F. S. Felber, T. Tajima, "Magnetic Insulating Waves in Plasmas," Proc. 1982 International Conference on Plasma Physics (Goteborg, Sweden, 1982), p. 310.

34. G. H. Canavan, R. O. Hunter, Jr., A. M. Hunter, II, "Development and Application of Advanced High Energy Lasers," Los Alamos National Laboratory, New Mexico, Report LA-UR-83-02, January 1982.

35. C. W. Woods, C. Howton, D. Muller, R. O. Hunter, Jr., K. Y. Tang, "Aperture Combined Raman Laser," in Excimer Laser - 83, edited by C. K. Rhodes (AIP Conference Proceeding 100, American Institute of Physics, New York, 1983), p. 200.

36. R. O. Hunter, Jr., "Large Gas Lasers," presented at Technical Symposium on Lasers and Particle Beams for Fusion and Strategic Defense, 19 April 1985, University of Rochester, Rochester, New York.

37. A. M. Hunter, II, R. O. Hunter, Jr., T. H. Johnson, "Scaling of KrF Lasers for Inertial Confinement Fusion," IEEE J. Quant. Elec. Vol. QE-22, p. 386-404, (1986).

38. J. Oldenettel, C. Howton, K. Y. Tang, R. O. Hunter, Jr., "SLAM Laser Development and Performance," AIAA/SDIO High Power Laser Device Conference, Boulder, CO, March 1987.

39. J. Oldenettel, K. Y. Tang, R. O. Hunter, Jr., "Aperture Combining and Beam Cleanup Using Crossbeam Raman Conversion," AIAA/SDIO High Power Laser Device Conference, Boulder, CO, March 1987.

40. A. M. Hunter, II, R. O. Hunter, Jr., "Kinetics Considerations for Narrowband XeCl Lasers," submitted for publication in IEEE Jour. of Quantum Electronics.

41. S. H. Lin, K. Y. Tang, R. O. Hunter, Jr., "Lithium Plasma Generation by ArF* Laser," submitted to Applied Physics Letters.

Attachment 3

May 26, 1988

1. Felber v. Western Research Corporation, Hunter, et al; Superior Court for the State of California, County of San Diego, Action No. 552074.

On October 30, 1985, Franklin S. Felber, a former employee of the company, brought this action seeking an unspecified amount of damages for breach of contract and negligence. The claims are based upon allegations that the Company wrongfully denied Felber certain stock option rights and negligently caused a patent application to be abandoned through failure to forward promptly Felber's personal mail after termination of his employment.

On December 9, 1985, the Company ansered the complaint denying all liability, and asserted a cross-complaint seeking declaratory relief regarding the alleged stock option rights, and injunctive relief enjoining Felber from retaining or making use of any proprietary information of the Company. On June 8, 1987, Judge Richard D. Huffman granted the Company summary judgement on Felber's stock option claim. The Company is continuing to defend against the neglience claim and to proscecute its cross-complaint.

May 26, 1988

2. Western Research Corporation v. Pewitt, Superior Court for the State of California, County of San Diego, Action No. 558786

On February 20, 1986, the Company filed its complaint for declaratory relief against Nelson Douglas Pewitt in the above-referenced court. On May 16, 1986, Pewitt filed a cross-complaint for wrongful discharge, deceit, intentional infliction of emotional distress, breach of employment contract and breach of the covenant of good faith and fair dealing, seeking general and exemplary damages. The cross-complaint has been answered, and the Company engaged in some discovery.

On August 7, 1987, the court denied a motion by Pewitt to amend his complaint to add Robert Hunter, Jr. as a defendant. A motion by WRC for Summary Judgement was submitted to the court. A hearing on the motion was scheduled for September 14, 1987. The judge denied the Summary Judgement. Subsequently, the case was scheduled for a judicial arbitration hearing on 27 May 1988. The case was settled prior to this hearing.

May 26, 1988

3. Toni May v. Western Research Corporation, EEOC Charge No. 345870321

On April 3, 1987, Toni May was laid off from her position as Senior Buyer due to a company wide reduction in force and reorganization. On April 23, 1987, Toni May filed with the EEOC a charge of sex discrimination against the Company in connection with her layoff. On May 20, 1987, the Company responded to the charge, denying the allegation of sex discrimination and supporting the decision to lay off Ms. May with legitimate business reasons. The company is currently is the process of responding to a questionnaire for the EEOC regarding this matter.

On June 15, 1987, attorneys for Ms. May sent to the Company a letter demanding that she be reinstated and receive back pay from April 17, 1987. Ms. May contended that she was terminated for "Whistleblowing" in that she reported to the FBI what she believed to have been inappropriate conduct on the part of a supervisor. This charge was investigated by the FBI, and to the Company's knowledge and information, this investigation did not result in any findings which support Ms. May's charge.

WRC's attorney's responded to the June 15, 1987 letter on July 17, 1987 after an internal investigation of Ms. May's claims revealed no improper conduct on the part of WRC. Neither WRC nor its attorneys have had a response to the July 17, 1987 letter.

Department of Energy

memorandum

DATE JUN 08 1988

REPLY TO ATTN OF GC-43

SUBJECT Statement of Agency Ethics Official for Senate Committee

TO Robert O. Hunter

This memorandum is intended to serve as a statement from the designated agency ethics official for this Department, as required by question 5, page 6, of the Statement for Completion by Presidential Nominees that you are submitting to the United States Senate Committee on Energy and Natural Resources in connection with your nomination for the position of Director of Energy Research. I have reviewed your Standard Form 278 (Financial Disclosure Report) dated May 13, 1988, and your Form DOE-460 (Report on Prior Employment) dated May 13, 1988, and have certified that the information contained therein discloses no conflict of interest under applicable laws and regulations. 1/

As a supervisory employee of the Department, you are prohibited by section 602(a) of the Department of Energy (DOE) Organization Act (Pub. L. 95-91) from knowingly receiving compensation from, holding any official relation with, or having any pecuniary interest in any energy concern. The term "energy concern" is defined in section 601(b) of the Act as any entity "significantly engaged in the business" of any of a variety of activities related to energy production, distribution, sale, or research and development, or any entity significantly engaged in such research and development pursuant to a DOE-funded program irrespective of whether it otherwise engages in such business. The term also includes any entity holding an interest in property from which an energy resource is commercially produced or obtained.

On Schedule D, Part I, of your Standard Form 278, you reported that you are currently an unpaid consultant for Thermo Electron Corporation, which recently purchased a company (Western Research Corporation) of which you were the major stockholder, the president, and chairman of the board of directors. Thermo Electron has been determined to be an energy concern within the meaning of section

---

1/ Section 201(b) of the Ethics in Government Act (Pub. L. 95-521) requires the income and honoraria information on your form to be updated within five days before the date of the Committee hearing to consider your nomination.

602(a). 2/ You have undertaken to terminate your consultant position with the company before assuming the position of Director of Energy Research.

In addition, section 606(a) of the DOE Organization Act prohibits a supervisory employee, for a period of one year after terminating any employment with any energy concern, from knowingly participating in any Department proceeding 3/ in which his former employer is substantially, directly, or materially involved, other than in a rulemaking proceeding which has a substantial effect on numerous energy concerns. Section 606(b) of the Act prohibits a supervisory employee, for a period of one year after commencing service in the Department, from knowingly participating in any Department proceeding for which he had direct responsibility, or in which he participated substantially and personally, while in the employment of any energy concern within the previous five calendar years.

It is not altogether clear whether your position as an unpaid consultant to Thermo Electron should be considered to be an employment relationship within the meaning of section 606(a) and (b). However, to avoid any suggestion of conflict of interest, you have undertaken, for the duration of your service with the Department, not to participate, as a Government employee, in any particular matter in which Thermo Electron Corporation or Western Research Corporation 4/ is involved.

Finally, section 208, title 18, United States Code, prohibits you from participating personally and substantially, as a Government employee, in any particular matter in which, to your knowledge, you

---

2/ Both Thermo Electron and several of its subsidiaries are engaged in the operation of co-generation plants.

3/ The term "Department proceeding" is defined in section 1010.103(h) of DOE's Conduct of Employees regulations as "any judicial proceeding, Department hearing, application, rulemaking, order, license, contract, grant, award, fund transfer, claim, controversy, charge, accusation, or arrest, in which the Department is directly involved."

4/ I understand that Western Research's primary business consists of work under contract with the Department of Defense, and that the company also has two contracts with Lawrence Livermore National Laboratory, a facility owned by the Department of Energy. The Department of Energy sponsors a number of programs that are closely related to interests of the Department of Defense. Further, DOE's Office of Energy Research provides funding for a number of programs carried out by Lawrence Livermore National Laboratory.

have or your spouse, minor child, partner, organization in which you are serving as officer, director, trustee, partner, or employee, or any person or organization with whom you are negotiating or have any arrangement concerning prospective employment has, a financial interest. Accordingly, you should avoid participation in any particular matter the outcome of which could have a direct and predictable effect on any such financial interests.

You have indicated on Schedule A of your Standard Form 278 that you have stock in Maxwell Laboratories, a company by which you were employed from 1973 to 1978. Maxwell Laboratories does not have any current contracts with the Department of Energy, but the company has had business relationships with the Department in the past and carries out activities in areas of interest to the Department. To avoid any suggestion of conflict of interest, you have also undertaken to sell your stock in the company before you assume the position of Director of Energy Research.

Please let me know if I can be of further assistance.

Ralph D. Goldenberg
Assistant General Counsel
for General Law

Financial Disclosure Report

Page 1

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate ☐ Termination Filer	MAY 13 1988			
Reporting Individual's Name	Last Name: HUNTER	First Name and Middle Initial: Robert O., Jr.			
Position for Which Filing	Title of Position: Director of Energy Research	Department or Agency (If Applicable): Department of Energy			
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 5836 Waverly Avenue La Jolla, CA 92037		Telephone No. (Include Area Code): (619) 454-9446		
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: Consultant, Department of Energy 6/26/87 to 1/25/88 GS-15 $84				

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
		☐ Yes ☒ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Robert O. Hunter Jr.	13 May 1988
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Ralph D. Feramisco	6/1/88
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- **Schedule A**—The reporting period for income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I (Liabilities)**—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II (Agreements and Arrangements)**—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

Jan 6/1/88 DAEO statement for Senate Energy Committee.

(Check box if comments are continued on the reverse side) ☐

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370-199

SF 278 (Rev. 1/90)
Filer Chapter 73A
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0002

Reporting Individual's Name	Assets and Income	Page Number	2	Schedule A
Hunter, Robert O., Jr.				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. **Exclude** your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the **actual amount** of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets								BLOCK C Income																BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)								Type of Income (X)							Other (Specify Type)	Category of Amount of Income (X)								Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Sched. B Part I for those assets indicating those sold for a loss.	
	None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000			Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust			None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000			YES	NO
S or DC / Examples: X Y Z Common				X					X										X								X	
Doe Jones & Smith, Hometown, USA			X													partnership income									$88,000			
1 (S) Wall Street Trust* Muncipal Security Trust Discount Series #2			X								X							X										
2 Maxwell Laboratories Stock		X															X											
3 Western Research Corporation Stock**(sold 1 April 1988)									X[1]			X[2]											X[1]	X[2]				
4 Western Research Corporation Salary																Salary***								X	100,006 26,965	1/87-12/88 1/88-4/88		
5 Rental Property, House																												
6 31775 De Portola Rd., Temecula, Calif.					X					X												X						
7 Western Research Corporation Profit Sharing Plan**** †	I expect a final distribution of entire interest in this plan within the next week. I will receive $47,607.15 for the period ending 1/31/87 and $4,171.85 for period 2/01/87 to 1/31/88. I have renounced all payments attributable to periods beginning after 1/31/88.																											
8 San Diego Trust and Savings Savings Account	X										X							X										
9																												
10	† Assets of plan consisted of money market funds - Dreyfus Cash Management Inc., and Mainstream Cash Management Fund().																											

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No income is allocated to beneficiaries except as proportion of their allocated share of total plan assets. Interest in plan liquidated 6/8/88; No trustee received payout of $95,878.60 as of 6/8/88

6-07-88 (SF)

*Wall Street Trust, a division of Bank of N.Y., administers this unit investment trust, which consists of municipal bonds.

**Represented 80.16% of company voting stock; 67.76% of voting and nonvoting stock as of sale on 1 April 1988.

***An accounting relating to my travel expenses on behalf of Western Research Corporation is in progress, and that is not expected to result in any income to me. I also expect to receive $4,000 in lieu of accrued vacation time due me as the result of my Western Research employment. These payments will be made before I assume the position of Director of Energy Research, DOE. Also, I used a corporate car while employed at Western Research Corporation. For the period of 1 Jan. 1987 to 31 Dec. 1987, the income associated with use of the car has been evaluated at $1,200.00. For the period of 1 Jan. 1988 to 1 April 1988, the corresponding amount is $300.00.

****San Diego Trust and Savings Bank is the trustee for this plan. The plan funds have been invested in the Mariner Cash Management Fund and the Dreyfus Cash Management Fund. Income earned from these investments is not allocated to plan beneficiaries on an individual basis as it accrues. Beneficiaries' shares are computed at termination of employment.

SF 278 (Rev. 1/95)
5 CFR Chapter XIV
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0002

Reporting Individual's Name	Assets and Income	Page Number	Schedule
Hunter, Robert O., Jr.		3	A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or more received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets								BLOCK C Income																	BLOCK D Transactions Test	
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)								Type of Income (X)							Category of Amount of Income (X)									Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Sched. B Part I for these assets including those sold for a loss.	
	None (or less than $1001)	$1,001 $15,000	$15,001 $50,000	$50,001 $100,000	$100,001 $250,000	Over $250,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101 $1,000	$1,001 $2,500	$2,501 $5,000	$5,001 $15,000	$15,001 $50,000	$50,001 $100,000	Over $100,000			YES	NO
S or DC Examples: X Y Z Common				X			X									X									X	
Doe Jones & Smith, Hometown, USA			X										partnership income									$50,000			
1 Undeveloped land, Riverside County, CA			X											X												
2 Money Market Account San Diego Trust & Savings Bank, S.D., CA						X			X									X								
3 Money Market Account Bank of America, La Jolla, CA						X			X								X									
4 Money Market Account Glendale Federal Savings & Loan Assoc., La Jolla						X			X								X									
5 Money Market Account Great American First Savings Bank, La Jolla, CA						X			X								X									
6 Money Market Account Security Pacific Nat'l Bank, La Jolla, CA						X			X								X									
7 Money Market Account Imperial Savings Assoc., La Jolla, CA						X			X								X									
8																										
9																										
10																										

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278 (Rev. 1/88)
Ch. Office of Personal Management

Form Approved
OMB No. 3209-0002

Reporting Individual's Name

Hunter, Robert O., Jr.

Page Number	1	Schedule B

Part I
Transactions

ncumbents and Termination Filers only: Report any purhase, sale or exchange by you, your spouse or dependent ild during the reporting period of any real property, stocks, nds, commodities futures, and other securities when the nount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

		Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)					
			Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001 - $8,000	$8,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	Over $250,000
S	Example	X Y Z Common	X			2/1/83			X			
		Not Applicable										
2												
3												
4												
5												
6												

Part II
Gifts, Reimbursements and Travel Expenses

ncumbents and Termination Filers only:
Report the source, a brief description and the value of: (1) n-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude** gifts from relatives and **exclude** gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE ☐

		Source (Name and Address)	Brief Description	Value
S	Example	Nat'l Assn of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$500
	Example	Nat'l Assn of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125
1		Not Applicable		
2				
3				
4				
5				
6				

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278-1SB

SF 278 Rev 1/89
Ref Chapter 734
5 Office of Personnel Management

Form Approved
OMB No. 3209-0047

Reporting Individual's Name

Hunter, Robert O., Jr.

Page Number	1	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
H or DC	Example	First District Bank, Washington, DC John Jones, 123 J St., Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware Promissory note	1981 1979	13% 10%	25 yrs. on demand	X		X		
1		Hemet Federal Savings and Loan Hemet, California	Mortgage on rental property	1981	14½%	30 yrs.				X	
2											
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	1/78 partnership agmnt
	Interest in profit sharing plan of Western Research Corporation based on past employment by company. Full payout of interest expected next week. See note on Schedule A.	San Diego Trust & Savings (Trustee) Western Research Corporation, San Diego, California (Former Employer), which was recently purchased by Thermo Electron Corporation.	1/83

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278-100

SF 278 (Rev. 1/88)
Office of Government Ethics
5 C.F.R. Part 2634
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name

Hunter, Robert O., Jr.

Page Number	1	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Example: Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/83	6/83
Example: Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/78	11/83
Western Research Corporation[1], San Diego, California	Corporation[1]	Chairman of Board	10/78	4/88
" " " " " "	"	President	10/78	2/88
" " " " " "	" (On letterhead shown - Electron Corp. produced Western Research Corp.)	Consultant (unpaid)*	4/88	Present
[1]Western Research Corporation is a privately held firm that specializes in laser research and development. The work is all related to defense activities for agencies of the U.S. Government.				
~~*I will resign before assuming position of Director, Energy Research, DOE.~~				

Part II
Compensation in Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
Example: Doe Jones & Smith, Hometown, USA	Legal services
Example: Moire University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction
Western Research Corporation, San Diego, California	Chief administrator and executive officer--also performed technical research.

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278-100

APPENDIX II

Responses to Additional Committee Questions From the Nominees

Department of Energy
Washington, DC 20585

July 25, 1988

Honorable J. Bennett Johnston
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed you will find responses to the questions submitted by Committee members on July 13, 1988. These questions were in addition to the testimony I gave before your Committee regarding my nomination as Deputy Secretary of Energy.

I have sent Senator Daniel K. Evans a response to his respective questions, as well as a copy to you.

If you or other Committee members have further questions, please do not hesitate to contact me.

Sincerely,

Joseph F. Salgado
Acting Deputy Secretary

Enclosures

QUESTION #1: The conference report to the Department of Defense Authorization bill establishes a new Defense Nuclear Facilities Safety Board to provide independent oversight of DOE facilities.

a. Does this effectively eliminate the role of DOE's internal Advisory Committee on Nuclear Facility Safety? Why or why not?

b. How do you envision the Department's interaction with the new safety board?

ANSWER:

a. The Defense Nuclear Facilities Safety Board does not eliminate the role of the DOE's Advisory Committee on Nuclear Facility Safety. We believe external oversight that provides independent advice and counsel on significant safety issues on an ongoing basis is an integral and valued part of the DOE safety process. This is a primary reason the Advisory Committee on Nuclear Facility Safety was established. The Defense Nuclear Facilities Safety Board would, in our view, provide recommendations to both Congress and DOE relative to the safety of defense production facilities. At this time, we believe the Advisory Committee on Nuclear Facility Safety has a broader charter that deals with all of the DOE's nuclear facilities (except Naval Reactor facilities covered under Executive Order 12344). Furthermore, flexibility is retained for obtaining timely technical advice and counsel from the Advisory Committee in making key decisions affecting both production and nuclear safety. As such, we do not foresee duplicative roles and functions.

b. The responsibilities and authorities of the Advisory Committee on Nuclear Facility Safety complement those of the proposed Defense Nuclear Facilities Safety Board and reinforce the DOE oversight provided through the Office of the Assistant Secretary for Environment,

Safety and Health. The DOE will cooperate fully with the Board in providing information, arranging meetings or site visits, and briefing the Board as requested. In this regard, we will designate the Office of the Assistant Secretary for Environment, Safety and Health as the focal point within DOE for coordination with these bodies, and for resolving safety issues.

QUESTION FROM SENATOR JOHNSTON

Question 2.a. Will DOE request additional funding in this fiscal year, or future years, to ensure that this cleanup is accomplished and to ensure that compliance is maintained?

Answer: The Department will not request additional funding from the Congress this fiscal year for additional corrective actions associated with achieving compliance or addressed environmental cleanup. The current budget includes over $1 billion in environmental projects and cleanup activities. We anticipate this number to increase in future budget requests as our program grows to accomplish the existing cleanup and compliance activities.

QUESTION FROM SENATOR JOHNSTON

Question 2.b. If not, how will the Department prioritize its cleanup efforts?

Answer: The Department over the last two years has conducted an Environmental Survey of all the Field Sites to determine the extent of the cleanup and compliance problems. Some of these cleanup problems have already been incoporated into program priorities and are underway. The prioritization of the cleanup actions described in the July 1 Report will be initiated over the next year. The goal of prioritizing these problems is to achieve compliance and to clean up environmental contamination addressing the critical areas first. The scope and methodology of that prioritization are in the development stages within the Department.

QUESTION FROM SENATOR JOHNSTON

Question 2.c. What are the priority sites or projects?

2c. The Department views the priority sites and projects as those which have the highest potential for impacts to public health and safety or the environment. Funding for the Defense Programs Environmental Restoration Program is a high priority within the Department. The highest priority projects at DOE facilities are those described in the FY 1989 Defense Waste and Environmental Restoration budget request currently before the Congress.

QUESTION FROM SENATOR JOHNSTON

Question 2.d. How long will the entire cleanup project take?

Answer: The recently completed report, "Environment, Safety and Health Report for the Department of Energy Defense Complex," indicated cleanup at most DOE defense sites can be completed over the next 10 to 20 years with a few sites such as the Hanford Site that could take up to 40 to 50 years. Pace of the cleanup is dependent upon the availability of funding. Because of tight budgets and the need to reduce Federal deficit, decisions about the allocation of Federal resources must be made jointly by the Executive Branch and the Congress.

QUESTION FROM SENATOR JOHNSTON

Question 3. Do these estimates include the costs of modernizing the existing weapons complex?

Answer. No. The costs of modernizing the existing weapons complex are not included in the July 1 Report. DOE is preparing a modernization study at the request of the Armed Services Committees describing the costs and priorities of modernizing and upgrading the nuclear weapon complex. This report is due December 15, 1988.

Additional Questions From Senator Johnston
For Joseph F. Salgado

Question: Since about 1985 the U.S. demand for oil imports has risen faster than the Strategic Petroleum Reserve has grown. That is, in terms of the days of oil import protection, the SPR is not growing, it is shrinking. The U.S. is headed, if it is not there already, toward having less than 90 days of import protection in the SPR. What fresh ideas might you bring to this problem?

Answer: Although oil imports have increased since 1985, the SPR with continued fill has maintained more than 90 days of import protection. The Administration and the Congress have pursued moving ahead with the SPR as a national priority. The Administration is presently focused on its current commitment to attain a 750 million barrel SPR with additional fill and distribution enhancements. In addition, the planners and analysts for our strategic oil reserve are continuing to study questions regarding its use and flexibility, ultimate size, and economic benefits as advocated by the Administration's Energy Security Report.

Even with this current, strong level of protection, the Department is not complacent. Utilizing EIA's Annual Energy Outlook of 1987, the 750 million barrel SPR will provide slightly more than 90 days of crude oil import protection through the year 2000. Using net imports (crude oil and product) as has been typically done, the situation on the level of import protection is much less sanguine. However, the import patterns have shifted in the U.S. significantly since the early and

mid 70s primarily from the Mideast to Mexico, Canada, the North Sea and Venezuela. In addition, it should be noted that the SPR was not conceived or planned to replace total imports, but rather for a worst case scenario involving an energy supply disruption. Currently, the SPR can distribute 3.2 million barrels of oil per day if drawndown to counter a supply disruption. When the 750 million barrel system is completed including currently planned distribution enhancements, the SPR will be capable of drawing down and distributing 4.5 million barrels of oil per day.

A number of proposals and activities have been offered to improve and sustain domestic oil production thereby reducing import pressure. These include advancing technologies to recover more of the U.S.'s 300 billion barrels of oil not economically recoverable with existing technology, allowing environmentally sound exploration offshore and of the coastal plain of the Arctic National Wildlife Refuge in Alaska, repeal of the Windfall Profit Tax and consideration of incentives for increased capital formation in the industry and for stimulation of research, exploration and development.

The Department is increasing its priority for advanced geoscience coupled with advanced technologies for more complete and economic recovery of our domestic oil. The National Petroleum Council also completed a study requested by Secretary Herrington and has recommended the establishment of an industry forum to facilitate

industrial cooperative R&D projects for oil. The Department is also moving aggressively forward on its program for Innovative Clean Coal Technology, that will provide economic and environmentally attractive technologies for continued and enhanced use of our enormous domestic coal reserves.

The Innovative Clean Coal Technology Program includes some projects that could produce alternative liquid fuels, many much like petroleum. If the States provide incentives and facilitate the regulatory process permitting ease of use of these liquids as petroleum substitutes, industry could be prepared more quickly to introduce these petroleum-like stocks into American commerce, thereby assisting in reducing future import pressure. In addition, advanced ceramic engines and engine parts could be more fuel tolerant and more easily accommodating of such petroleum-like substitutes. If the States and other appropriate agencies again provide stimulative incentives and facilitate the regulatory process, our manufacturing and transportation sectors could be prepared more quickly to introduce such capabilities, also assisting in reducing import pressure.

The Administration has proposed selling the federal government's interests in the Naval Petroleum Reserves near Bakersfield, CA and Casper, WY, to provide additional funds to increase the rate of filling the SPR. Congress has not acted on that proposal, but GAO

has been requested to review financing alternatives to fill the SPR. The Department's staff is cooperating fully in that effort, and I look forward to exploring the benefits of alternative financing options that will permit faster fill of the SPR to, at least, 750 million barrels. While we recognize that Congress has reluctantly imposed outlay caps on SPR oil acquisition funds in order to meet deficit reduction targets, these caps could limit oil deliveries, particularly in times of low oil prices. Limited purchase authority could also complicate placement of secure buy and transportation orders for advance purchases. Removing these restrictions would give the Department somewhat more flexibility to take advantage of unique opportunities and lower prices to fill the SPR faster at a lower cost, thereby improving the level of our import protection. As an example, if it were not for the budget outlay restraints placed on SPR fiscal year 1988 funding, we presently could be buying and receiving somewhat more oil this year at a time when prices are rather advantageous. This is particularly crucial if the Congress wants to pursue more rapid fill and/or a larger SPR.

Question 5(a): As you are probably aware, the Department of Energy's uranium enrichment program is facing stiff competition from foreign enrichment suppliers. The DOE enterprise, once a monopoly in the world market, is now struggling to maintain their market share at or near the 50 percent level. In addition, the United States uranium industry has been declared not to be viable for the past three years.

On March 30, legislation passed the Senate that would restructure the enrichment program as a government corporation, clean up mill tailings located at active uranium mill sites, and establish a program to revitalize the domestic uranium industry. The Administration indicated that they would support the enrichment and mill tailings title, but would not support the provisions of the Senate bill which establish fees for the use of foreign uranium because they perceive that it would be inconsistent with the U.S.-Canada Free Trade Agreement.

In recent weeks, the Administration proposed a new uranium package which would establish a uranium purchase program to help revitalize the domestic uranium industry, as well as clean up the mill tailings and restructure the enrichment program as a government corporation. It appears, however, that the future of this Administration proposal with respect to the Free Trade Agreement is uncertain.

(a) Do you perceive that the uranium proposal sent up by the Administration is consistent with the Free Trade Agreement?

Answer: The package of uranium-related proposals will, if enacted, do much to assure the long range competitive position of the domestic uranium mining, milling and enrichment business. This will bring important gains to the U.S.--including continued uranium sales overseas approaching 1 billion dollars per year. The package will provide a fair opportunity for Canadian businesses to compete in U.S. markets, and would impose no restrictions that would

Answer 5(a) (continued): discourage the use of foreign uranium. Thus, we believe that it is consistent with the Free Trade Agreement.

89-531 0 - 88 - 5

Question 5(b): If this proposal does not become part of the Free Trade Agreement, what specific action will the Administration take to ensure the long term ability of the DOE enrichment program to remain competitive in the world market? What will DOE do for the other two problems--the clean up of the mill tailings at active sites and the need to maintain a viable domestic uranium industry?

Answer: The Administration supports the establishment of an enrichment corporation to enhance the health and future competitiveness of the U.S. enrichment enterprise. If this proposal is not enacted as part of the FTA legislation, we will continue to support the establishment of a Government-owned stock enrichment corporation in separate legislation. In the interim, we plan to conduct enrichment operations within the Department with an aim toward assuring that they will be efficient and competitive over the years to come.

The Department continues to believe that it is more appropriate for the owners and licensees of active uranium mill sites to plan for and carry out site cleanup activities. However, as part of legislation supporting establishment of a Government-owned stock enrichment corporation, the Department would not object to consideration of mechanisms for providing additional resources to achieve adequate and timely cleanup. Concerning the viability of the domestic uranium mining industry, the Department continues to believe that the

Answer 5(b) (continued): strength of the domestic uranium industry is heavily influenced by factors beyond DOE control-- such as the availability of high grade, low cost ores in the U.S. as compared with Canada or Australia. However, the Department will sponsor activities designed to promote the export of domestic uranium. This effort will continue with or without inclusion of the uranium legislative proposal within the FTA. In addition, the Department will continue to promote the growth of the nuclear power industry since the mining industry will benefit if the demand for uranium increases.

QUESTIONS FOR UNDER SECRETARY SALGADO
FROM SENATOR EVANS
FOR NOMINATION HEARINGS ON JUNE 11, 1988

1) Current Operations of Savannah River Reactors:

a) I understand that the Department, led by Environment, Safety and Health, has been undertaking an intensive review of the P and L reactors at Savannah River over the past few weeks. Much of the focus has been on the ability of the plants to withstand seismic activities.

QUESTION: Has the report been completed yet and sent to your office as Under Secretary? If so, please summarize its conclusions and submit a copy of the report to the Committee.

ANSWER: The report has not been completed. There are ongoing activities relating to seismic activities at Savannah River and the report should be ready soon.

QUESTIONS FOR UNDERSECRETARY SALGADO
FROM SENATOR EVANS
FOR NOMINATION HEARINGS ON JUNE 11, 1988

QUESTION: Current operations of Savannah River reactors:

a) When does the Department intent to restart the P Reactor?

ANSWER: The current schedule is initiating restart of P Reactor on July 29, 1988.

QUESTIONS FOR UNDERSECRETARY SALGADO
FROM SENATOR EVANS
FOR NOMINATION HEARINGS ON JUNE 11, 1988

QUESTION: Current operations of Savannah River reactors:

3) Describe the effect of the current drought on the operations of the L Reactor this summer, compared to the normal limitations imposed by the lack of adequate capacity in the cooling pond.

ANSWER: Although the river water level is below what would be preferred, there is no immediate impact on any of the Savannah River reactors. We have been assured by the Army Corps of Engineers that water levels should not decrease further this season.

QUESTION FROM SENATOR EVANS

Question 4. Defense Waste and Environmental Restoration

As I mentioned in your hearing, I have a strong interest in seeing that adequate fund are allocated to the Hanford site for defense waste and environmental restoration activities. Attached is language of the Statement of Managers from the conference reports from the two bills which govern your activities in this area:

H.R. 4264 (DoD authorization bill): Items #1 and #2
H.R. 4567 (Energy and Water Approp. bill): Item #3

a. Regarding FY 1989 funds for environmental restoration, the conferees have appropriated an additional $50 million for a total of $170.925 million. Language is included to direct the funds to "the highest priority projects at DOE facilities, including, to the extent the Secretary of Energy deems appropriate, projects at Hanford, Washington."

--Please list and describe the highest priority projects at DOE facilities, including those at Hanford, and the direction you will give to field offices regarding the appropriation of these funds for FY 1989.

Answer: Since the date of the hearing, the committee of conference on the appropriations for energy and water development for FY 1989 (H. R. Report 100-724) agreed to increase Environmental Restoration operating expenses by $38.4 million. These funds are available to solve problems at all sites, including Hanford. The Department has collected additional information from the field offices on their priority needs. While the Department is continuing its evaluation of these needs, a preliminary listing of the priority restoration activities at Defense Programs sites is available and is attached.

July 25, 1988

DRAFT

FY 89 $38.4 M INCREMENT DISTRIBUTION FOR ENVIRONMENTAL RESTORATION PROGRAM

Site	Increment	Activities
NV	0.3M	Offsite RI/FS work
ID	3.0M	- air stripping/interim RA for BWP (600K) - TAN GW plume ID (1000K) - TAN Interim GW Corrective Actions (500K) - Data Qualification for BWP (400K) - RI at TRA Warm Waste Pond (500K)
OR	5.0M	- Corrective Actions
RL	6.325M	- Rad Area Reduction (1500K) - 100 Area RI/FS Work Plans (600K) - Field Support Facilities for RI/FS (2000K) - Community Relations Plan (300K) - Protective Barrier Dev. (925K)
SAN	1.0M	- RCRA Closures at 300 Site
SR	10.375M	- SRL Seepage Basin Closure (300K) - New TNX Basin Closure (100K) - MWMF Closure (7631K) - RFIs (2344K)
--	26.0M	Sub Total
ID & RL	0.910M	D & D
--	5.49M	Technical Demos
--	6.0M	Technology Support - All Sites
	38.4M	TOTAL

QUESTION FROM SENATOR EVANS

Question 4.b.1.: What is your estimate of the total amount of unobligated, prior year balances from projects related to putting the N-Reactor on cold standby?

Answer: The estimated unobligated prior year balances for these projects is $47.5 million. The Department is also considering disposition of funds related to the Project Facility Modification (PFM) Project which was originally intended to process both Fast Flux Test Facility and N-Reactor fuel.

Question 4.b.2.: Please submit copies of DOE-Richland's requests to the Committee.

Answer: Copies requested are attached.

United States Government — Department of Energy
Richland Operations Office

memorandum

DATE: MAR 24 1988

REPLY TO ATTN OF: FRD:PLM

SUBJECT: REQUEST FOR REPROGRAMMING ACTION - UTILIZATION OF LINE ITEM 86-D-174 "241-AQ TANK FARM" BUDGET AUTHORITY

TO: Troy E. Wade, Acting Assistant Secretary
for Defense Programs, DP-1, HQ

Due to the Department's decision to place N Reactor in cold standby, Richland Operations has taken action to discontinue further work on the AQ Tank Farm project. Therefore, this office requests a reprogramming of the FY 1987 and FY 1988 budget authority that has been provided for the project. A total of $25.6 million has been received to date ($3.3 million in FY 1987, $22.3 million in FY 1988). Of this total, it is estimated $1.3 million of the FY 1987 funding has been spent prior to termination of the project. The balance of funding of $24.3 million is requested to be reprogrammed for the following activities:

- Grout Acceleration ($6.8M)
- Waste Pretreatment ($9.9M) and HWVP ($3.4M)
- Environmental Compliance ($4.2M)

Reference is made to a memorandum from RL's Assistant Manager for Operations to Tom Hindman, DP-12, of your staff, and Ray Berube, EH-23, dated February 22, 1988. This memo transmitted requests from the State of Washington and the Environmental Protection Agency, Region X, (EPA), for funding for their oversite functions and regulatory duties under RCRA and CERCLA. Although not included in the above reprogramming breakout, the AQ Tank Farm funding may be a potential source of dollars for meeting the State and EPA's request if consistent with Departmental policy.

The following paragraphs provide justification for each of the programmatic areas outlined above:

The cancellation of the AQ Tank Farm project has put a greater strain on the availability of double-shell tank space. Therefore, it becomes necessary to accelerate the grouting of wastes to free up tank space. Acceleration of the grout program will allow completion of single-shell tank stabilization on the current schedule of FY 1996. The availability of AQ Tank Farm in FY 1993 was critical to this effort.

The requested operating funding in the grout program will allow for additional vault construction to support an optimal 0.5-0.5-2-3-4-5 grout campaign scenario beginning in FY 1988. This schedule is the scenario required to offset the loss of the AQ tanks. An increase in the capital equipment funding is requested to allow the procurement of long-lead equipment, primarily pumps, to support the optimal scenario. Additional funding for general plant projects is required to support an addition of grout feed mixing capabilities at Tank 104-AP consistent with the increased grout campaigns.

Increased funding is necessary to support start-up of waste pretreatment in FY 1991. The requested operating funding will be used to do the expense upgrades in B Plant and AR Vault which are required to begin the waste pretreatment mission. Increased equipment funding is required to complete B Plant process equipment upgrades and procure equipment spares necessary to support pretreatment start-up. The requested general plant project funding will support the complete relining of the B Plant chemical sewer prior to pretreatment start-up to assure operation of the sewer complies with environmental regulations. These upgrades must be completed as soon as possible in order to support facility operations which are necessary for confirmation of Hanford Waste Vitrification Project (HWVP) design and backlogging of feed to support the FY 1999 HWVP start-up and operation.

Additional funding is also required to support HWVP design development to accelerate the baseline engineering effort allowing an earlier start to the vitrification building construction. This construction is a critical path activity and acceleration of construction start has the potential to move up the HWVP project completion date.

There are two activities requiring funding in the area of environmental compliance: 1) interim storage facilities for radioactive mixed waste, and 2) facility permitting/closure plans as required by the Resource Conservation Recovery Act (RCRA). In order for Richland Operations to comply with State of Washington requirements for the handling of radioactive mixed waste, interim storage facilities are required until a facility is available to process and dispose of this waste. These wastes are currently being held in temporary storage at the generating facilities. The generating facilities have very limited amounts of storage space available. Facility operations will be impacted if interim storage capability is not provided as soon as possible.

The second activity in the area of environmental compliance requiring additional funding is facility permitting/closure plans as required by RCRA to implement the mixed waste ruling. As you know, the impact of the ruling is an unbudgeted cost in FY 1988. Additional funding would be applied toward low-level (mixed waste) burial ground, retrievable storage units, radioactive mixed waste landfill permit actions, and closure plans for cribs, basins, trenches, and landfills.

The attached table provides a breakout by funding type and B&R Category for each of the activities requiring increased funding.

Your earliest consideration of this reprogramming action is requested to expedite timely receipt of the funding and allow the greatest benefit of receiving increased funds to support the above activities.

If you desire to discuss this matter further or require additional information, please feel free to contact me, or your staff may contact Mr. Robert R. Tibbatts on FTS 444-7574.

Michael J. Lawrence

Michael J. Lawrence
Manager

Attachment:
Funding Breakout

cc w/attach:
J. E. Dieckhoner, DP-14
T. B. Hindman, DP-12

REQUEST FOR REPROGRAMMING ACTION
UTILIZATION OF LINE ITEM 86-D-174 BUDGET AUTHORITY
DETAIL BY FUND TYPE AND B&R

ACTIVITY	FUNDING/FUND TYPE	B&R CATEGORY
GROUT ACCELERATION	4.8 Operating	GF-01-01
	1.1 Equipment	35-GF-01
	0.9 GPP	39-GF-01 GP-D-171
WASTE PRETREATMENT/HWVP	7.0 Operating	GF-01-01
	1.0 Equipment	35-GF-01
	1.9 GPP	39-GF-01-05 GP-D-171
	3.4 Construction	39-GF-01-01 88-D-173
ENVIRONMENTAL COMPLIANCE	1.3 Operating	GF-01-01
	2.9 GPP	39-GF-01 GP-D-171

FRD:PLN
3/3/88

United States Government

Department of Energy
Richland Operations Office

memorandum

DATE: MAY 17 1988

REPLY TO ATTN OF: FRD:PAA

SUBJECT: REQUEST FOR REPROGRAMMING ACTION - UTILIZATION OF PROCESS FACILITY MODIFICATION (PFM) PROJECT AND OTHER N REACTOR LINE ITEMS BUDGET AUTHORITY

TO: Troy E. Wade II, Acting Assistant Secretary
for Defense Programs, DP-1, HQ

The decision to place N Reactor in cold standby is the first step in the termination of the Materials Production Mission at Hanford. Consistent with that action and an assessment of the highest priority activities which now need to be accomplished in cleaning up the Site, the backlog of spent fuel being stored in reactor storage basins should be processed as soon as possible to assure that the material is in a stable chemical form for long-term storage/disposal. From a safety, environmental, cost-effective, as well as a technical basis, processing of the spent fuel is the only viable alternative in the foreseeable future. Continuing in an interim storage mode would create an unacceptable risk. Therefore, it is requested that budget authority now available as result of the cancellation of the PFM Project and the cold standby decision on N Reactor be reprogrammed/reallotted to support chemical processing and cleanup activities as discussed below, and in the attachments.

Following the decisions on the PFM Project and N Reactor, the Richland Operations Office (RL) evaluated the workscope required to implement those decisions. As a result of that review, $36.8M of budget authority was determined to be available for reprogramming/reallocation by the Department, $9.7M from prior years and $27.1M from FY 1988. A detailed listing of these funds is identified in Attachment A.

Due to the cancellation of the PFM Project, a total of $13.3M of FY 1988 budget authority is available, $10.0M construction and $3.3M operating. The project primarily supported the decladding of FFTF fuel, which is necessary to provide feed material for the Special Isotope Separation Project. An option to accomplish this decladding is to process FFTF fuel in PUREX. It is requested that these funds be reallocated to support decladding in PUREX. Complete identification and justification for this, and other requests, are included in Attachment B.

Line item 82-D-124, Restoration of Production Capabilities and line item 86-D-149, Productivity Retention, have supported N Reactor projects along with projects from other sites. Due to N Reactor's cold standby status, selected projects currently underway are being brought to an early and logical conclusion. As a result, a total of $11.2M is available for reallocation, $1.2M from 82-D-124 and $10.0M from 86-D-149. Due to the nature of these line items and the need for these funds within the Department, it is understood that these dollars will not be reprogrammed. It is therefore requested, that acceleration of two proposed FY 1990 line items which support the Plutonium Finishing Plant (PFP) be incorporated within the Productivity Retention line item in FY 1988. These projects are the PFP Fire Protection and Loss Limitation Project (TEC $3.3M) and the PFP Nitrate Handling Facility (TEC $9.3M).

These projects are necessary to replace existing obsolete fire alarm systems and to upgrade fire barriers to comply with life safety requirements of DOE Order 5480.1A, Chapter VII, Fire Protection/Loss Limitation and to reinstall dedicated service intraplant piping for nitrate solutions, reduce personnel radiation exposure, and improve material accountability.

The final source of funds for reprogramming are other N Reactor line item projects specific to RL. An additional $12.3M is available as a result of bringing these projects to an early and logical conclusion. $7.3M is from prior year budget authority and $5.0M from FY 1988. It is requested that these funds, along with PFM funds in excess of immediate requirements for the PUREX option, be reprogrammed to support chemical processing shortfalls. To accomplish the mission of RL's chemical processing activities, over $12M is required above the FY 1988 budget authority. In addition, a shortfall of over $15M above current planning levels is anticipated in FY 1989. These shortfalls are due primarily to the need to respond to findings of internal and external reviews, such as audits, QA surveillances, and technical safety appraisals; to the cost to operate the processing facilities in accordance with higher operational standards; and, to other mandatory requirements necessary to satisfy environmental and security commitments.

It should also be pointed out that certain termination costs associated with staff reductions, due to the cold standby status of N Reactor, may require additional funding. Based on current projections of FY 1988 necessary staff reductions, $12M of the FY 1988 budget has been identified in the Reactor Operations budget for termination costs. To facilitate and manage the reduction in staff, Westinghouse Hanford Company has initiated an incentivized early retirement program. The expense associated with this program will be amortized through existing pension plans. Annual contributions into these plans will need to be increased with the additional cost being borne by Hanford's ongoing programs. Total cost of this program is contingent on the number of participants. Any FY 1988 lump-sum contribution to the pension plans will significantly mitigate the projected $14M cost of this program.

Attachment A provides a summary of funds available to the Department for reallocation or reprogramming. Attachment B identifies RL's request and justification for use of these funds. If you desire to discuss this matter further or require additional information, please feel free to contact me, or your staff may contact Robert R. Tibbatts, Financial Resources Division, on FTS 444-7574.

Michael J. Lawrence
Manager

Attachments:
A. Funds Available for
Reallocation/Reprogramming
B. RL's Request for
Funds and Justification

repg2-C

RICHLAND OPERATIONS OFFICE
NUCLEAR MATERIAL PRODUCTION
($ IN MILLIONS)

REPROGRAMMING

ATTACHMENT B

$ AVAILABLE	PRIOR YR	FY 88
o PFN - CONSTRUCTION		10.0
OPERATING		3.3
o N REACTOR LINE ITEMS:		
VARIOUS SITE PROJECTS:		
82-D-124 RESTORATION	1.2	
86-D-149 PRODUCTIVITY RET	1.2	8.8
RL PROJECTS:		
85-D-136 COMPONENT PROTEC	3.3	
83-D-136 PEAD COMP. PROTE	0.3	
84-D-126 PEAD COMP. PROTE	0.4	
87-D-150 LETF	1.6	5.0
87-D-149 RED. CHEM DISCHA	1.7	
SUBTOTAL N REACTOR L/I	9.7	13.8
TOTAL AVAILABLE FOR REPROG.	9.7	27.1
		36.8

RECOMMENDED USE		FY 88	FY 89	FY 90
o PROCESS FFTF FUEL - PUREX				
OPERATING	$	0.4	7.6	
GENERAL PLANT PROJECTS		0.8	1.1	
o NITRATE HANDLING FACILITY		2.1	3.8	3.4
o PFP FIRE PROTECTION & LOSS		0.8	2.5	
o CHEMICAL PROCESSING SHORTFALL				
OPERATING		12.1	3.6 1/	
REACTOR OPERATIONS - EARLY RETIREMENT PGM - OPERATING		1/		
TOTAL REPROGRAMMING REQUESTED		16.2	18.6	
			34.8	

1/ REQUEST THAT $3.6M REMAINING FROM PFN AND RL PROJECTS BE APPLIED TO FY 1989 CHEMICAL PROCESSING SHORTFALL, OR FY 1988 EARLY RETIREMENT PROGRAM COSTS.

pg2-C

ATTACHMENT A

RICHLAND OPERATIONS OFFICE
NUCLEAR MATERIAL PRODUCTION
FUNDING AVAILABLE DUE TO
CANCELLATION OF PROCESS FACILITY MODIFICATION (PFM):
N-REACTOR COLD STANDBY DECISION
($ IN MILLIONS)

	BUDGET AUTHORITY		
	PRIOR YR	FY 1988	TOTAL
o PFM - CONSTRUCTION		10.0	10.0
OPERATING		3.3	3.3
o N REACTOR LINE ITEMS			
82-D-124 RESTORATION OF PRODUCTION CAPABILITY	1.2		1.2
86-D-149 PRODUCTIVITY RETENTION	1.2	8.8	10.0
SUBTOTAL - VARIOUS SITE PROJECTS	2.4	8.8	11.2
85-D-136 COMPONENT PROTECTION	3.3		3.3
83-D-136 PE&D COMPONENT PROTECTION	0.3		0.3
84-D-136 PE&D COMPONENT PROTECTION	0.4		0.4
87-D-150 LIQUID EFFLUENT TREATMENT FACILITY	1.6	5.0	6.6
87-D-149 REDUCED CHEMICAL DISCHARGE	1.7		1.7
SUBTOTAL - RL PROJECTS	7.3	5.0	12.3
SUBTOTAL - N REACTOR LINE ITEMS	9.7	13.8	23.5
TOTAL AVAILABLE FOR REPROGRAMMING/ REALLOCATION	9.7	27.1	36.8

ATTACHMENT B

RICHLAND OPERATIONS OFFICE
NUCLEAR MATERIAL PRODUCTION
RECOMMENDED UTILIZATION OF FUNDS
AVAILABLE FOR REPROGRAMMING
($ IN MILLIONS)

ACTIVITY	FUND TYPE	AMOUNT	B&R CATEGORY
Process FFTF Fuel	Operating	8.0M	GE-03
	GPP	1.9M	39-GE-03 GPD-146

Recovery of 2.5 MT of high 240Pu from FFTF fuel can be accomplished within PUREX in FY 1993. The plutonium would be plutonium oxide which would be stored in 2736Z for shipment to SIS. To accomplish this requires expense funded modifications to PUREX of $24.5M and support to these modifications of $9.4M for a total requirement of $33.9M. These costs, plus incremental costs of operating PUREX an additional year, results in an overall increment of $10.0M to process FFTF fuel in PUREX. In addition, independent of the location of processing FFTF fuel, general plant projects (GPP) of $1.9M and $.3M for project support remain to be funded. These GPP and project support needs are for the MASF upgrades and are necessary to move fuel from FFTF to its processing destination. These funding requirements are spread from FY 1988 to FY 1993. In FY 1988, .4M operating and .8M of general plant project funding are required. FY 1989 requires $7.6M operating and $1.1M for general plant projects. Since the FY 1989 budget is currently being considered in Congress, it is requested that funding requirements for both FY 1988 and FY 1989 be accomodated with this request.

ACTIVITY	FUND TYPE	AMOUNT	B&R CATEGORY
PFP Nitrate Handling Facility Upgrade	LI	5.9M	39-GE-03 86-D-149

The Nitrate Handling Facility replaces failed intrafacility transfer lines necessary to support efficient operations. There were previously six lines which provided dedicated service. There are currently only two lines which provide multi-services and require flushes between service. Production capacity has declined due to the aging of these lines and could result in a curtailment of operations. This project will also replace labor intensive multiple transfers with engineered storage which will prove to be cost effective.

In addition this project will add new tankage which replaces the current high exposure practice of using transport containers (PR cans) for solution storage. The new tankage eliminates manual transfer of material and associated radiation exposure by installing shielded tankage which is controlled remotely. This project will also have the added benefit of providing improved quality "near real-time" SNM accountability in PFP.

To minimize the risk of curtailment in operations, recognize benefits of increased operation efficiencies and reduced costs, reduce personnel exposure, and enhance material accountability, acceleration of this project is warranted.

The Nitrate Handling System Upgrade has a TEC of $9.3M with a funding profile of $2.1M in the first year, $3.8M second year and $3.4M in the third year. Again, since the FY 1989 budget is currently in review by Congress, funding for the first two years, FY 1988 and FY 1989 are requested. $3.4M will be required in FY 1990.

ACTIVITY	FUND TYPE	AMOUNT	B&R CATEGORY
PFP Fire Safety and Loss Limitation	LI	3.3M	39-GE-03 86-D-149

The PFP Fire Safety and Loss Limitation project provides for upgrade of obsolete fire protection systems to comply with DOE Order 5480.1A, Chapter VII. The project provides necessary upgrades to comply with life safety code requirements for the 234-5Z Building. These upgrades involve alteration of the facility essential to meet safety criteria for continued operation. Operating facilities must meet specified criteria to assure continued operation, minimize the consequences of fire and optimize the safety of personnel. Delay in implementation of this project extends the period of non-compliance to applicable Orders and its resultant inherent risks.

The PFP Fire Safety and Loss Limitation project has a TEC of $3.3M with $.8M required in the first year and $2.5M required in the subsequent year. To assure timely completion of the project and due to the current timing of the budget cycle, the full two years of funding is requested.

ACTIVITY	FUND TYPE	AMOUNT	B&R CATEGORY
Chemical Processing	Operating	12.1M	GE-02
Chemical Processing/ Reactor Operations	Operating	3.6M	GE-02/ GE-01

As a result of increased requirements to the processing facilities, $12.1M is required above FY 1988 budget authority. These requirements result primarily from the the need to respond to findings of internal and external reviews, such as audits, QA surveillances and technical safety appraisals. The level of operational standards required by RL has been elevated. This results in increased costs to the processing facilities. In addition, funding requirements for environmental and security needs have also increased. All of these factors have combined to increase the cost for operating these facilities above the amount of budget authority provided in FY 1988. Reprogramming of funds to satisfy these needs is mandatory.

It should be noted that the anticipated FY 1989 funding level also reflects a shortfall of $15.4M. It is requested that the remaining $3.6M of PFM and RL specific line item funds be maintained to support the anticipated FY 1989 shortfall. Due to timing and the logistics of such a request, this option may not be feasible. If in fact that is the case, consideration should be given to the requirement to fund increased termination costs resulting in the Westinghouse incentivized early retirement program as identified in the attached memorandum.

Question 4.b.3.: Has the Department made a decision yet on sending a formal reprogramming request to the appropriate committees in the House and Senate regarding these unobligated funds? Have you sent any reprogramming requests regarding any of these funds for any other purposes to the Congress yet? If not, when do you expect to submit a reprogramming request?

Answer: The Department has not made any decision on submitting a formal reprogramming request to the Congressional committees at this time. We are uncertain at this time when any formal requests for these monies may be sent from the Department.

Question 4.b.4. Have any other requests for these unobligated funds been sent from other field offices to Headquarters? If so, please describe such requests for the record.

Answer: The Department has received no other formal requests for these unobligated funds from any field office other than Richland. However, the Department does have an outstanding obligation to provide funds for other critical needs. Among these are road improvements to support WIPP, Idaho fuel processing upgrades, Defense Nuclear facility oversight and SRAM II. Funding for these projects must come from current unobligated balances.

Department of Energy
Washington, DC 20585

July 25, 1988

Honorable J. Bennett Johnston
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are staff-prepared answers to the followup questions, numbers three through nineteen, posed in your July 13, 1988, letter. I want to respond in this letter to the first two questions that you raised, regarding the independent, case-by-case review that DOE has undertaken of central figure litigation.

To conduct that review, I have formed a Central Figure Review Group. The members of that Group are: Assistant Secretary and Under Secretary designate Donna R. Fitzpatrick; Assistant Secretaries C. Anson Franklin, David B. Waller, and Theodore J. Garrish; Acting ERA Administrator Chandler L. van Orman; Acting General Counsel Eric J. Fygi; Mr. Frank Ruddy; and Assistant General Counsel for General Litigation Marc Johnston. Staff assistance is being provided by attorneys from the Office of General Counsel. Because of the nature of its responsibilities, we do not anticipate utilizing personnel from the Office of Hearings and Appeals in conducting this review. The Review Group may, during its inquiry, choose to interview attorneys from ERA with respect to particular cases for which they are responsible.

I have charged the Central Figure Review Group with the responsibility of examining both the legal and policy issues raised by the central figure theory, formulating criteria to ensure against improper or unwarranted use of the central figure theory, reviewing on a case-by-case basis the litigation in which the central figure theory has been asserted, and reporting its findings to me.

Since the mandate of the Central Figure Review Group is to conduct a truly independent review of this important matter, I am not in a position to prejudge the criteria it will formulate in determining the types of circumstances when application of the theory might or might not be appropriate. However, I fully expect the Group to give serious consideration to the concerns that have been expressed about application of the

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central figure theory to obtain restitution of moneys never received for violations of the EPAA.

As I testified to your Committee, the time frame established for this review process contemplates that it will be completed by the end of Summer. Specifically, the Central Figure Review Group has set a tentative date of September 6 for reporting its findings to me. When I have had a chance to examine those findings, I shall of course promptly advise the Committee of the steps that will be taken in response to them.

If I can be of any further assistance, please let me know.

Yours truly,

Joseph F. Salgado
Under Secretary

cc: Honorable James A. McClure
Ranking Minority Member

QUESTIONS FOR JOSEPH SALGADO FROM SENATOR JOHNSTON

QUESTION NO. 3

Does DOE consider FERC decisions reviewing remedial orders issued by OHA as binding on subsequent DOE remedial orders? If not, why not?

ANSWER

The OHA is the agency within DOE to which the Secretary has delegated the function of issuing remedial orders under section 503 of the Department of Energy Organization Act. In several decisions, OHA has indicated that, in a proper case, it may not treat FERC decisions in prior cases as binding if, for example, there appears to be a TECA decision which requires a result different from that embodied in the FERC decision. See, e.g., Texaco, Inc., 16 DOE ¶ 83,016 at 86,165 (1987). See also J.R. Cone, 14 DOE ¶ 83,011 at 86,060 (1986); Atlantic Richfield, 11 DOE ¶ 83,027 at 86,272 n.61 (1984).

QUESTIONS RELATED TO RESPONSES THAT DOE SUBMITTED ON JUNE 15, 1988

QUESTION NO. 4

Were the responses to Questions 16, 19 and 23 prepared by someone who is familiar with the record in the Citronelle-Mobile case, and, if so, on what basis is that person familiar with that record?

ANSWER

A number of persons with varying degrees of familiarity with the record in the Citronelle-Mobile case participated in

drafting and reviewing the responses to Questions 16, 19, and 23. Some of those who reviewed the responses had no first-hand familiarity with the record. Those who were directly familiar with the record based their understanding of it on a combination of contemporaneous examination of relevant portions of the record and personal recollection of portions of the proceeding which they had participated in or observed.

QUESTION NO. 5

Did DOE have uninhibited access to the corporate books and records of the companies in the Citronelle-Mobile case for more than 3 weeks in July 1975? If not, state with particularly any books, records or documents to which DOE was denied access.

ANSWER

We are unable to state definitely what was the extent of access DOE had to the corporate books and records of the companies in July of 1975. Trevor Hawk, the auditor who conducted that on-site audit, is deceased, so we are conducting a search for relevant documents. Those files have been retired and are not immediately available. At the initial trial on the subpoena enforcement aspect of the case, Mr. Hawk testified that he was given access to the books and records that he needed for purposes of his audit. He indicated that what he had been looking for was financial records concerning the sales in question, which under audit methodology at that time probably would not have included any attempt to trace the proceeds after initial receipt by the seller. So without knowing exactly what access he requested, we cannot indicate whether or not Mr. Hawk was given uninhibited access. He did state that there were some

types of records that he would not have been interested in. The department ultimately determined that it had not received sufficient information during the course of that audit, and issued the subpoenas which became the subject of the Chamberlain Group's initial complaint in the Citronelle-Mobile case.

QUESTION NO. 6

Did the information obtained by DOE in the course of its July 1975 audit include documentation showing what happened to that portion of the proceeds of the challenged transactions that was received by the companies, through the date of the audit, including the payment of $3.4 million in state and federal corporate income taxes by the companies? If not, state with particularity what documentation was requested but not received.

ANSWER

It is not possible to answer that question without reviewing the audit files to see what information was actually obtained, so that we could say whether they show what had happened to the portion of the proceeds which the companies received. As noted in the response to Question 5, we are conducting a search of the files for relevant information. It should be noted that, as Mr. Hawk testified at the trial, the focus of the July 1975 audit was on the questions of whether there had been a violation and what the violation amount consisted of, rather than the disposition of the proceeds.

QUESTION NO. 7

In August and September, 1985, did the government engage in comprehensive discovery of all potentially relevant financial information pertaining to the companies and to Mr. Chamberlain personally, for the period beginning November 1973 (prior to the transactions), through August 1985?

ANSWER

In response to an order compelling compliance with discovery entered by Chief Judge Alaimo, the Chamberlain Group, in August of 1985, provided substantial financial information regarding Chamberlain and his companies. As we indicated in the response to Question 19 in the June 15 letter, these materials are the subject of a protective order, which precludes dissemination of information submitted in response to the discovery. We attach a copy of the protective order.

QUESTION NO. 8

Did the information furnished in response to discovery constitute documentation showing what happened to that portion of the proceeds of the challenge transactions that was received by the companies, through the date of the response? If not, please state with particularity what documentation was requested but not received.

ANSWER

In order to respond to this question, the Department would be required to reveal the essence of the information contained in the Chamberlain Group's discovery responses. In view of the limitations on disclosure imposed by the protective order, the Department is not in a position to respond to this question substantively.

QUESTION NO. 9

Did Mr. Chamberlain's lawyers produce for the government a flow chart which was based upon documentation furnished to the government, and which summarized what happened to that portion of the proceeds that was received by the companies? Was this flow chart received into evidence as Exhibit 14 in the trial of Citronelle-Mobile case without challenge by the government as to its accuracy? If not, please state with particularity the basis for denial.

ANSWER

At the trial in 1985, the Chamberlain Group's lawyers introduced a flow chart into evidence as Exhibit 14. The flow chart was prepared in two versions, apparently, one of which was received into evidence at the trial in 1985 over the government's objection that it was irrelevant. The government did not challenge its accuracy.

The chart shows how the proceeds were immediately shared as between the two companies, and the taxes paid by each company on its share. The more elaborate version then shows the effect of operating losses on the companies through, respectively, December 31, 1979, and February 28, 1980, but does not show distributions over those periods, or any information after those dates.

QUESTION NO. 10

Doesn't trial Exhibit 14 constitute "documentation ... showing what happened to proceeds of these transactions that were received by the companies after they were received by the companies"? If not, please state with particularity the basis for such denial.

ANSWER

For the reasons stated in the answer to Question 9, neither version of the chart purports to show what disposition has been made of the after-tax funds the corporations received.

QUESTION NO. 11

In view of the responses to the questions 5 through 10, please explain DOE's June 15, 1988, response to question No. 16 that "Yes, it is true" that Mr. Chamberlain has never presented any documentation at any stage in the case ... showing what

happened to that portion of the proceeds of these transactions that were received by the companies ..."

ANSWER

The answer to Question 16 was prepared based on the understanding that none of the documents produced in discovery and subject to the protective order were introduced into the record, and that the question was addressed to documents which had been submitted to the courts either in evidence or in argument, "at any stage of the case, including [the] petition for certiorari." As noted above, Exhibit 14, which was admitted in evidence at the trial in 1985, does not "show what happened to proceeds of these transactions that were received by the companies."

QUESTION NO. 12

Did Mr. Chamberlain furnish responses to interrogatories and documents in response to production requests that fully disclosed how much he "received by way of corporate distributions in whatever form" for the period November 30, 1973 through August 13, 1985? If not, please state with particularity what information on this subject was requested but not produced.

ANSWER

In view of the protective order's limitation on disclosure of the discovery responses, the Department states that Mr. Chamberlain submitted substantial responses to the government's discovery requests for a statement of payments, loans, or transfers of funds between the companies and Mr. Chamberlain.

QUESTION NO. 13

Did the government offer in evidence as part of its case Paragraph 36 of Mr. Chamberlain's proposed findings of fact, which established as an element of the government's proof that Mr. Chamberlain's total "excess" revenues from the sales of crude oil in question were $147,828.59, before taxes?

ANSWER

The government offered into evidence as a judicial admission proposed finding of fact No. 36 offered by the Chamberlain Group during the proceedings before Chief Judge Alaimo in 1985.

QUESTION NO. 14

Did the government stipulate that "the amount of federal income tax paid by ... Bart B. Chamberlain, Jr. attributable to the challenged transactions shall be deemed to be $85,000, and the amount of state income tax shall be deemed to be $497."?

ANSWER

Judge Alaimo found that "the parties have stipulated that Chamberlain earned $147,828.59 in excess of the applicable ceiling prices for domestic oil sales." Order of December 30, 1985 Slip op. at 12. He found further that "the parties have since stipulated that Chamberlain paid $85,497 in state and federal income taxes as a result of his excess earnings from the PETCO sales." Order of February 27, 1986 Slip op. at 2.

QUESTION NO. 15

Did the government, apart from the items of proof referred to in the two previous questions, introduce any evidence concerning the receipt by Mr. Chamberlain of any proceeds of the challenged transactions? If yes, please identify specifically such evidence.

ANSWER

No. The government offered into evidence the Hawk Affidavit but the court sustained Mr. Chamberlain's objection to it.

QUESTION NO. 16

In light of the responses to Questions 12 through 15, how do you explain DOE's June 15, 1988, response that "the record is not dispositive on this point [corporate distributions that may have been received by Mr. Chamberlain]"?

ANSWER

As we explained in the original response to Question 19, there was no judicial finding on the amount of corporate distributions that may have been received by Mr. Chamberlain. Judge Alaimo found in his order of December 30, 1985, that "Defendant Chamberlain earned $147,828.59 -- in excess of the ceiling prices applicable to nonexempt domestic oil sales -- from his share of the Citronelle crude Gathering and Services acquired for resale to PETCO." (Slip op. at 6). The Court made no finding with respect to the amount of corporate distributions Mr. Chamberlain may have received. Indeed, there may be no evidence in the record on that issue. Accordingly, in our view, the record is not "dispositive" of the question of Mr. Chamberlain's receipt of corporate distributions.

QUESTION NO. 17

In light of the responses to Questions 12 and 15, please explain DOE's June 15, 1988 response No. 23 that "there has been legal argument over how much he [Mr. Chamberlain] personally received as opposed to the corporations he owned and controlled." Is this statement intended to mean anything more than that the government contends, as a matter of law, that Mr. Chamberlain should be deemed to have received revenues that were received by the corporations? If so, please identify with particularity the documents or statements wherein the government contended that Mr. Chamberlain personally received revenues from the sale of crude oil in question that were greater than the amounts identified in Questions 12 and 13 above.

ANSWER

The auditor on the case for the Department of Energy, Trevor Hawk, ascertained that on December 31, 1974, Citronelle-Mobile Gathering made payments to interest owners, including Bart B. Chamberlain, in crude oil produced from the Citronelle Field's Citronelle Unit. Mr. Chamberlain's share was $147,828.59. Mr. Hawk so deposed in an affidavit dated January 11, 1980, made in support of counterclaimant's motion for summary judgment.

On September 9, 1985, counterclaim-defendants submitted proposed findings of fact which stated, "The total amount earned by Chamberlain, in excess of of [sic] the ceiling prices applicable to non-exempt sales, for his share of Citronelle Unit production acquired by Gathering and Services for resale to PETCO was $147,828.59. . . ."

Subsequently at the trial held October 1 and 2, 1985, the government attempted to introduce the Hawk affidavit in lieu of Mr. Hawk's testimony because Mr. Hawk had died the previous spring. In opening the trial, Judge Alaimo had said, "One thing that I might tell you in advance, I don't think the issue of Chamberlain's personal liability is open. . . . It's my view that [Judge Pittman's] holding that the liability of Chamberlain is limited to the extent of his receipt of the proceeds from the sales of PETCO is the law of the case. I don't care to hear about it." He subsequently ruled against admitting the Hawk affidavit as lacking the necessary trustworthiness, and would not permit the government attorney to argue the issue of

Chamberlain's liability.

The government challenged the district court's limit on Chamberlain's liability to the proceeds he received in its appeal to TECA. The government cited Sheldon v. Metro-Goldwin Pictures, 106 F.2d 45, 52 (2d Cir. 1939) (L. Hand, J.), aff'd on other issues, 309 U.S. 390 (1940), for the point that defendant shareholders were held responsible for making restitution of the corporation's profits whether or not the shareholders actually received the proceeds or instead merely had the value of their shares enhanced by the amount of the unlawful profits. In this case, Mr. Chamberlain's ownership interest in Citronelle-Mobile Gathering, Inc. was 95%.

QUESTION NO. 18

DOE's June 15, 1988, response No. 7 lists defenses that have been asserted for central figure theory liability. Have any individuals prevailed using any of these defenses? If so, please name the individuals, the successful defenses used, whether it was ERA prosecutors who withdrew the charges, or whether OHA dismissed, and the dates of the filing and dropping of charges.

ANSWER

DOE's June 15, 1988, response to question No. 8 identified three individuals who were successful in asserting defense number one identified in reply to question No. 7 of DOE's June 15

response. Those individuals, and the dates of the filing and dropping of charges are as follows:

Individual	Filing Date	Dismissal Date
Olene Crumpton	9/20/84	3/13/87
Russell B. Newton, Jr.	9/17/87	4/20/88
Donald E. Baxter	2/28/86	3/13/86

In the case of Mrs. Crumpton, dismissal (in which ERA concurred) was by order of the Office of Hearings and Appeals. In the case of Mr. Baxter, ERA's joinder motion was denied by OHA order. In the case of Mr. Newton, ERA withdrew its joinder motion.

QUESTION NO. 19

Must ERA prosecutors agree with OHA determinations to drop charges before those charges are actually dropped, as indicated in response No. 7?

ANSWER

OHA has the authority to grant a motion to dismiss or otherwise drop charges against an individual in a PRO proceeding, whether or not ERA opposes the dropping of the charges. If ERA agrees with an individual's request to OHA to drop charges against the individual, the request may be disposed of by OHA without the expenditure of additional litigation resources on that issue by either party to the request.

Department of Energy
Washington, DC 20585

July 25, 1988

Honorable J. Bennett Johnston
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed you will find responses to the questions you submitted following the hearing of July 11 before your Committee, regarding my nomination as Under Secretary of Energy. These answers are submitted in addition to the testimony which I delivered to the Committee.

If you or other Committee members have further questions, please do not hesitate to contact me.

Sincerely,

Donna R. Fitzpatrick

Donna R. Fitzpatrick
Associate Under Secretary

Enclosures

Questions from Senator Johnston
for Donna R. Fitzpatrick

Question 1: Last year the Department issued a report entitled, "Energy Security." That report said that our transportation system alone uses more oil each year than our nation produces. A highlight of the study said, "No foreseeable increase in transportation sector efficiency, however, will reduce this sector's 97-percent dependency on oil."

The Administration's initiatives in energy have dealt chiefly with natural gas and electricity.

If confirmed, how will you direct the DOE to address transportation efficiency?

Answer: It is my view that higher fuel efficiency in transportation is critical to reducing dependence on imported oil, and to mitigating air pollution. The challenge is to determine the most cost-effective ways to achieve it. In my capacity as Assistant Secretary for Conservation and Renewable Energy I supported R and D on fuel efficiency in highway vehicles and on substitutes for petroleum. The gas turbine and adiabatic diesel engines (both of which rely on advanced ceramics to work) offer the potential to improve fuel economy substantially for autos, light trucks, and heavy trucks. The Alternative Fuels Utilization Program (AFUP) and Electric and Hybrid Vehicle Program are aimed at replacing petroleum with less costly and less polluting domestic fuels.

The Office of Renewable Energy has several programs to produce liquid and gaseous fuels from biomass renewable resources. Many of these fuels could be suitable for transportation use. These research efforts should receive continuing support.

The evidence tends to suggest that efficiency improvements demanded by consumers, coupled with a highly competitive auto industry, are more effective than short-term regulatory approaches that are inconsistent with industry's product planning time frames.

If confirmed, I intend to intensify DOE's analysis of the fuel efficiency assumptions contained in EIA's basecase projections. One such assumption is that average new car efficiency will reach near 40 mpg in the year 2000. We will need to determine the technical and economic barriers to achieving this potential.

I will be happy to share the results of our work with the committee.

Questions from Senator Johnston
for Donna R. Fitzpatrick

Question 2: There is considerable interest in turning to methanol as an alternative transportation fuel. Yet some environmentalists warn that such a shift would worsen the carbon dioxide "green house" effect because production of methanol results in considerable production of carbon dioxide. What is your view of this problem?

Answer: The Department has for the last year been conducting an extensive study of alternative fuels for transportation. While the analytical work is not yet complete, it is possible to address the issue of what impact methanol use might have on carbon dioxide emissions.

Whatever alternatives are used to replace oil in transportation, it will be important to assess the net environmental effects of the entire fuel cycle as compared to continued burning of oil. Methanol use might have a net benefit, depending on the feedstock used to produce it and the efficiency of its use. For example, a car dedicated and optimized for methanol will use less (and produce less CO_2) than a flexible fuel vehicle which can also burn gasoline.

Carbon dioxide could become an issue if methanol were produced from coal or natural gas. Both of these are fossil fuels and net contributors to CO_2 when burned or converted to methanol and then burned. In either case, carbon previously locked up geologically is released to the environment as CO_2. If methanol were produced from biomass, carbon dioxide would be circulated in the environment. It would be released when burned as fuel and recaptured as the feedstock is grown. DOE has estimated that coal and biomass methanol production is unlikely in the near to medium term because of the high cost of conversion to liquid fuels.

At present the most economical feedstock for methanol production is natural gas, especially gas that is currently flared, vented, or reinjected. This feedstock, which is currently widely available around the world, including North America, would be more than sufficient to satisfy the methanol demand one might reasonably expect to the year 2000.

Gas that is vented contributes to the "green house" effect. It would be environmentally beneficial to capture this gas for use as a methanol feedstock.

Natural gas from remote regions of the world would be the next most economical feedstock. This gas is also widely available in large quantities worldwide. Coal is unlikely to become a critical feedstock for methanol production before the 21st century.

ADDITIONAL QUESTIONS FROM SENATOR JOHNSTON

Energy Conservation

Question 3: Have budget restraints been a major reason you have been unable to increase the contribution of conservation and renewable energy to our energy policy.

Answer: Conservation and renewable energy are major elements in our national energy policy. Both have already made important contributions and will continue to increase their contributions to our energy security. Budget constraints have required careful management and targeting of all DOE R&D efforts, but the requested budgets for research in conservation and renewable energy have been sufficient to address the key technological issues in end-use efficiency and renewable supplies.

Questions from Senator Johnston
for Donna R. Fitzpatrick

Question 4: Some energy efficiency initiatives, such as product efficiency standards, have essentially no cost to the Federal Government and may actually save consumers and industry billions of dollars. Why has the Administration opposed these "no cost" conservation programs?

Answer: It is important to note that the Administration does not oppose conservation. The Administration has opposed unnecessary Federal regulations, which are always costly. In the case of appliance standards, for example, the regulatory process costs $1.8 million per year.

What for?

The cost of regulation notwithstanding, Administration opposition to the Federal appliance standards was based on considerable analytical evidence that improved energy efficiency in appliances was being achieved without Federal intervention. The average efficiency of refrigerators increased 79% from 1972 to 1987, freezer efficiency improved 66%, and clothes washers 51%.

It is my understanding that the Federal standards that were finally legislated are essentially the same as those that the appliance manufacturers were already preparing to achieve. Consequently no net efficiency improvement is likely to emerge as a result of the new standards.

ADDITIONAL QUESTIONS FROM SENATOR JOHNSTON

Energy Conservation

Questions 5 & 6: Over the last seven years, what legislation has the Administration proposed to promote energy conservation? Has the Administration proposed any legislation to update existing conservation programs in order to assure that they operate efficiently?

Answer: As part of the President's annual budget request to the Congress the Administration has proposed funding numerous conservation programs over the years. We believe that existing statutory authority covering conservation programs is more than sufficient to carry out our research responsibilities.

The Administration has proposed or supported numerous legislative initiatives to support energy conservation. These include:

- Use of petroleum overcharge escrow funds for State conservation programs (this was even before such use was ordered in the Exxon and Stripper Well cases).

- Repeal of the Residential Conservation Service program, which was ineffective and prevented utilities from devoting their resources to effective programs. Congress directed the phase-out of RCS.

- Repeal of the Commercial and Apartment Conservation Service, for the same reasons as RCS. Congress repealed CACS in 1986.

- Enactment of shared savings contracting authority for Federal agencies. This was done in 1986.

- Repeal of the Power Plant and Industrial Fuel Use Act, which restricted the ability of electric utilities to choose the most efficient generating systems. Congress repealed the Act in 1987.

- Use of CAFE credits to encourage manufacture of non-petroleum fueled vehicles.

- Amendment of the Energy Policy and Conservation Act to allow more accurate calculation of life-cycle costs for energy improvements to Federal buildings.

- The Administration has opposed several programs, such as appliance and automobile efficiency standards, because their effectiveness for saving energy has not been demonstrated and they impose unwarranted costs on consumers, industry, or the government.

ADDITIONAL QUESTIONS FROM SENATOR JOHNSTON

For Donna R. Fitzpatrick

Question 7: Would you please provide the Committee with copies of any recent independent reviews of the Low-Income Weatherization Program.

Answer: Enclosed are copies of the following recent evaluation studies conducted by the Department of Energy and some States on the Weatherization Program:

1. Process Evaluation completed by Oak Ridge National Laboratory which deals with administrative improvements that could be implemented in the program to improve its effectiveness and efficiency.

2. Energy Savings Evaluation completed by the Energy Information Administration in 1984 which shows approximately 14 percent heating energy saved after weatherization.

3. Illinois Energy Saving Evaluation completed by Arthur D. Little Incorporated in 1987 which shows approximately 10 percent energy savings after weatherization.

4. Ohio Energy Savings Evaluation completed by Cleveland State University in 1987 which shows

20.5 percent energy savings after weatherization.

In addition, summaries of these and other energy savings evaluations are enclosed. An analysis of these evaluations is in process.

Question 8: What is your view on the effectiveness of this program and what recommendations would you make to improve it?

Answer: Based on studies and evaluations conducted to date, the program saves energy in a cost-effective manner and improves comfort levels in weatherized households. These studies and evaluations further indicate that some States need to reevaluate their priority lists of weatherization measures to determine if the most cost effective measures are being installed. To accomplish this reevaluation we have modified the Weatherization Assistance Program regulations to allow States to perform alternative energy audits. To further assist States in their reevaluation we have started work with two of the national energy laboratories to develop more effective audits that the States can use. In addition, we have and are continuing to provide training and technical assistance in the areas of financial management, monitoring, work standards and client education in order to enhance program effectiveness.

ADDITIONAL QUESTIONS FROM SENATOR JOHNSTON

For Donna R. Fitzpatrick

Question 9: Please provide the Committee with a list of the projects funded in Louisiana by oil overcharge funds allocated under the Warner, Exxon and Stripper Well actions.

Answer: Louisiana has received plan approval for the following projects funded by oil overcharge disbursements:

Warner funds:

SECP
1. Energy analysis
2. Energy information services
3. Regional park and ride
4. Commercial energy conservation
5. Energy efficiency standards
6. Governmental energy management
7. Industrial energy conservation
8. Aquaculture
9. Educational facilities energy conservation program
10. Alternate and renewable resources program

EES
1. Grade K-12 energy conservation awareness

ICP
1. School and hospital programs (22 schools, 9 hospitals)

Stripper Well funds:

1. Dept. of Transportation--road and bridge repair

Exxon funds:

ICP
1. Cycle 9--institutional energy projects

WAP
1. Weatherization projects

ADDITIONAL QUESTIONS FROM SENATOR JOHNSTON

For Donna R. Fitzpatrick

Question 10: Please explain how funds under these three actions may be used for administration, or to pay for consultant services, and list such consultant fees paid from the oil overcharge funds allocated to Louisiana.

Answer: Under the terms of P.L. 97-377, Section 155 (which applies to both Warner and Exxon overcharge funds): "No funds disbursed under this section may be used for any administrative expenses of the Department of Energy or of any State, whether incurred in connection with any energy conservation program or otherwise." However, the Stripper Well Settlement Agreement, M.D.L. 378, does provide for both administrative and legal fees as follows:

> iii. Administrative Expenses. Each State shall be entitled to expend for administrative expenses up to the amounts permitted by Federal legislation or regulation governing federally funded programs comparable to those identified in Paragraph I.B.3.f.ii and, where there is no such Federal legislation or regulation, up to five percent of the funds allocated pursuant to Exhibit H. Administrative expenses shall include the payment or reimbursement of attorneys' fees, expert witness' fees, contractual obligations and other related costs incurred in connection with pursuit of the State's Alleged Crude Oil Violations claims. The Attorney General of a State shall designate, by written notice filed with the disbursing official, the amount and manner of direct disbursements, if any, for payment or reimbursement of such litigation expenses.

Louisiana has not reported any expenditure of Warner, Exxon, or Stripper Well overcharge funds for administrative or legal fees. However, the State's Attorney General did approve payment of $675,815 of Diamond Shamrock funds to the law firm of Dickstein, Shapiro, and Morin for services which, in part, may relate to the Exxon and Stripper Well settlements.

Department of Energy
Washington, DC 20585

SENATE COMMITTEE ON
ENERGY AND NATURAL RESOURCES
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JUL 25 1988
WASHINGTON, D.C. 20510

Honorable J. Bennett Johnston
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed you will find responses to the questions submitted by Committee members on July 13, 1988. These questions were in addition to the testimony I gave before your Committee regarding my nomination as Director, Office of Energy Research.

I have sent Senator Chic Hecht a response to his respective questions, as well as a copy to you.

If you or other Committee members have further questions, please do not hesitate to contact me.

Sincerely,

Robert O. Hunter Jr.

Dr. Robert O. Hunter

Enclosures

Questions from Senator Johnston for Dr. Robert Hunter

The "Energy Security Study" said that the DOE "will conduct a technical analysis of the costs and benefits of developing a flexible fuel transportation system."

Q: Would you agree to take a special interest in insuring that this study is completed in a timely manner and made available to the Committee?

A: I understand that the "Energy Security Study" identified the flexible fuel transportation system as having the potential of substantially enhancing our energy security by reducing dependence on imported oil. Given the importance of this matter to the energy future of the United States, I will do my best to assure the timeliness and credibility of the study. The study is not the direct responsibility of the Office of Energy Research; however, the office is to be formally involved in reviews pertaining to technical and scientific aspects of the study, as well as the assessment of the environmental consequences. In addition, I will review the status of the study on a continuing basis and provide assistance and review to ensure the provision of a timely and accurate study.

Questions from Senator Hecht for Dr. Robert Hunter

One of my amendments to the Nuclear Waste Policy Act Amendments of 1987 created the Office of Subseabed Disposal Research in the Office of Energy Research.

Q: Have you been briefed on the work of the Office of Subseabed Disposal Research, and would you support the conduct of this research if you were confirmed as the Director of the Office of Energy Research?

A: I have received an initial overview of the technical and institutional aspects of the Office of Subseabed Disposal Research Program, as well as the Nuclear Waste Disposal Program in general. However, I am not yet in a position to comment on the detailed structure and merits of the program. Of course, given the legislative mandate and the availability of funds for the program, I would support the conduct of this research.

Q: If confirmed, would you encourage the Department to include funding for this work in the President's FY 1990 budget?

A: My opinion as to future funding for any new activities in the present fiscal environment is that the program must be evaluated in terms of of the overall programmatic goals. If the subseabed disposal of nuclear waste is to be further explored, funding will be required for this work, subject to the criteria of appropriateness, proposed program soundness, and applicability. Ultimately, funding is decided by the Congressional appropriation process. I can assure you that I would manage these funds to the best of my ability in executing the Subseabed Disposal Research Program.

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